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FBIS-USR-93-166

30 December 1993



CENTRAL EURASIA

FBIS Report: Central Eurasia

FBIS-USR-93-166

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Statistician Assesses Meat Production in CIS Republics

944K0445A Moscow DELOVOY MIR in Russian 1 Dec 93 p 4

[Article by Leonid Vashchukov, chief, Food and Agriculture Statistics Division, CIS Statistics Committee: "Meat Production in the CIS"]

[Text] Industrially developed countries are marked by a high per capita consumption of meat and meat products. In the United States, for example, it amounts to 113 kg, in France—94 kg, Germany—93 kg, and Denmark—97 kg. In the countries of the CIS [Commonwealth of

Independent States] the development of livestock raising proceeded along an ascending line right up until 1989 in virtually all the regions of the former Soviet Union. The production and consumption of meat products grew constantly in 1989 as well, and for the CIS as a whole it amounted to 69 kg (including by-products and raw fat); without by-products this figure came to 61 kg.

Data compiled by the CIS Statistics Committee on the dynamics of meat production at agricultural enterprises and private farms during the last three years attest to a persistent and steady trend in the direction of curtailment.

	Thou t (carcass weight)			Percent of Preceding Year	
	1990	1991	1992	1991	1992
Azerbaijan	176	153	113	87	75
Armenia	93	85	67	91	79
Belarus	1181	1065	950	90	89
Kazakhstan	1560	1524	1258	98	83
Kyrgyzstan	254	230	228	91	99.1
Moldova	366	303	234	83	77
Russia	10112	9375	8260	93	88
Tajikistan	108	86	70	80	81
Turkmenistan	104	100	98	96	98
Uzbekistan	484	492	469	102	95
Ukraine	4358	4029	3401	92	84

In 1993, while there has been a certain slowdown in the rate of decline in several states, meat production at agricultural enterprises has continued to be curtailed. Thus, during the period January-September 1993 the sale of cattle and poultry for slaughter (in live weight), as compared to the analogous period of last year, amounts to the following: in Belarus—89 percent, Kyrgyzstan—79 percent, Moldova—75 percent, Russia—88 percent, Tajikistan—76 percent, and Uzbekistan—93 percent.

At the same time, however, private farms are becoming more and more important; they now account for 30 percent of the total volume of meat production. For the Commonwealth states their proportionate share ranges from 16 percent in Belarus to 66 percent in Kyrgyzstan and up to 90 percent in Armenia. In recent years these farms have had a significant increase in their head of livestock (as of 1 January of each year).

Meat Production at Private Farms

	Cattle (large-horned)		1992 as a percent of 1991	Pigs		1992 as a percent of 1991	Sheep and Goats		1992 as a percent of 1991
	1993			thou head	as a percent of 1991		thou head	as a percent of 1992	
	thou head	as a percent of 1992	thou head	as a percent of 1991	thou head	as a percent of 1991	thou head	as a percent of 1992	thou head
Armenia	478	95	250	40	31	111	840	90	200
Belarus	310	101	103	1469	99	98	245	98	107
Kazakhstan	3522	109	107	725	103	106	8546	116	115
Kyrgyzstan	591	108	112	65	79	109	4083	125	145
Moldova	279	122	118	431	109	112	986	111	108
Russia	11987	111	109	7992	102	111	18692	108	107
Tajikistan	819	94	108	3	90	100	1712	95	109
Turkmenistan	620	119	115	7	112	150	2176	123	108
Uzbekistan	3666	105	120	26	81	128	5054	106	125
Ukraine	3657	103	100	5262	100	99	1634	115	113

Nevertheless, the increase in the number of livestock at farms belonging to the private sector has not made up for its over-all reduction in all categories of farms. And—as a result—the potential in livestock-raising has been regularly declining.

The principal cause of this is the decrease in the volumes of meat sales by its basic producers—kolkhozes, sovkhozes, and agricultural enterprises.

Dynamic Movement in the Volumes of Meat Sales by State and Collective Farms

	As a Percent of the Preceding Year		January-September 1993 As a Percent of January-September 1992
	1991	1992	
Belarus	71	87	89
Kazakhstan	98	68	96
Kyrgyzstan	90	68	79
Moldova	73	70	75
Russia	86	82	88
Tajikistan	77	80	76
Turkmenistan	89	93	120
Uzbekistan	92	76	93
Ukraine	95	84	79

In addition to the decrease in the total volume of sales, there has also been a displacement or shift of the proportionate

share of specific channels in the direction of selling products in urban markets and directly to the population.

Proportionate Share of Specific Channels in the Total Volume of Livestock and Poultry Sales by Agricultural Enterprises (in percentages)

	To Procurement Organizations			In Markets			To the Population Via the Public-Dining System or As In-Kind Wages		
	1991	1992	January-June 1993	1991	1992	January-June 1993	1991	1992	January-June 1993
Belarus	93	92	93	5	5	4	2	3	3
Kazakhstan	85	74	70	3	6	5	12	8	25
Kyrgyzstan	80	68		8	19		12	11	
Moldova	81	74	68	11	17	20	8	8	11
Russia	84	80	81	7	8	7	9	11	11
Tajikistan	79	49		9	39		12	12	
Turkmenistan	87	79		4	8		9	13	
Uzbekistan	91	88	88	0.8	4	4	8	8	8
Ukraine	88	85		6	8		—	7	

One of the reasons for the greater volume of products sold directly to the population by agricultural enterprises is the increase in the proportion of in-kind payments and wages. This is connected with the striving by enterprises to maintain the level of wages for their employees under the conditions of constant price hikes on consumer goods and the deficit in the money supply. Thus, whereas in 1991 Russia's agricultural enterprises issued their employees 2,500 tonnes of meat as wages, in 1992 this figure had already reached 5,000 tonnes.

Despite measures to stimulate the sales of livestock and poultry to be added to the state resources, agricultural enterprises are resorting to an increasingly greater degree to the use of other sales channels—in particular, to urban markets. Moreover, in almost all the Commonwealth states the level of market prices for livestock and poultry are lower than the corresponding procurement purchase prices. For example, in 1992 in the Russian Federation the average selling price for livestock and poultry on the markets amounted to 25,700 rubles per tonne, whereas the average

procurement price was 40,400 rubles per tonne (including the subsidy for selling products to the state procurement people). During the first six months of 1993 these amounts were 165,4000 and 183,200 rubles respectively; in Kazakhstan during 1992 the corresponding figures were 24,500 and 26,300 rubles, whereas during the first six months of 1993 they were 115,000 and 144,800 rubles. The determining factor pushing up the volumes of products being sold by farms on markets is not the acquisition of additional profits in the future, but rather the endeavor to make up for the shortfall of ready cash—a shortfall caused by

the failure of procurement organizations to make payments on time for the products delivered to them.

Under these conditions the procurement organizations too are expanding their ties with the suppliers of raw materials, and—to a greater extent—including the population in the network of these suppliers. At the present time the population's share in the total volume of procurement purchases of livestock and poultry in Kyrgyzstan amounts to about one-fifth, while it is almost as much in Uzbekistan and Tajikistan. In Ukraine and Moldova the figures are 12-13 percent, in Russia, Kazakhstan, and Turkmenistan—6-8 percent, and in Belarus—5 percent.

Dynamics of Livestock and Poultry Procurements for State Resources

	Thousands of Tonnes (in carcass weight)			As a percent of the Preceding Period		
	1991	1992	January-September 1993	1991	1992	January-September 1993
Armenia	40.3	10.2	0.8	66	25	12
Belarus	934.9	807.1	502.8	38	86	88
Kazakhstan	905.6	533.7	361.8	92	59	91
Kyrgyzstan	102.5	72.8	22.6	76	71	56
Moldova	195.2	126	45.3	64	65	62
Russia	5846.7	4535.5	2793.6	79	78	89
Tajikistan	39.9	16.5	8.4	57	41	62
Turkmenistan*	62.2	59	29.9	86	95	125
Ukraine	2774.1	2251	1222.2	86	81	75

*Without procurements from the population

Production of Meat and Meat Products in 1991-1992 (as a percentage of the preceding year)

	1991	1992	January-September 1993*
Armenia	74	9	18
Belarus	89	84	85
Kazakhstan	94	75	92
Kyrgyzstan	76	78	49
Moldova	85	75	65
Russia	88	80	64
Tajikistan	63	50	34
Turkmenistan	90	98	107
Uzbekistan	86	69	94
Ukraine	88	83	...

*Without taking into account the subsidiary (private) farms of industrial enterprises

During the years 1991-1993 there was a substantial curtailment in the volumes of interstate deliveries of meat and meat products in the Commonwealth. Ukraine, Belarus, and Kazakhstan, which account for approximately 80 percent of such interstate deliveries, cut back on their meat exports by 14 percent, 44 percent, and 58 percent respectively in 1992, as compared to 1991. During the first quarter of 1993 there were no deliveries of meat products from Kazakhstan to other states; they were cut almost in half by Ukraine and

Belarus, as compared to the analogous period of last year. In 1992 the curtailment of interstate meat deliveries brought about a 50 percent reduction of its imports into Russia, Uzbekistan, and Kyrgyzstan. Further reduction in the volumes of imports is anticipated during 1993. According to an estimate made by the CIS Statistics Committee, the import of meat and meat products into the Russian Federation—which amounted to 506,000 tonnes in 1992—will decrease to 250,000 tonnes in 1993.

With the reduction in the volumes of meat production and the decline in the imports of meat entailed by this decrease in the volumes of interstate deliveries we also observed during the years 1991-1992 a reduction of its resources being channeled into trade. However, the decline in the amounts of meat and meat products sold by enterprises engaged in retail trade, public dining, and food services—a phenomenon which took place in all the states of this Commonwealth—was accompanied by a substantial growth of sales in the markets. In Russia, for example, these indicators amounted to 61 and 130 percent respectively. Moreover, the sales of livestock and poultry in the markets by agricultural enterprises during

this period increased by only 2 percent. According to data from a budget survey of the population, in the Russian Federation in 1992—as calculated on a per-family basis—2.1 kg of meat and meat products, or 1.6 times more than in 1991, were sold in the market. According to the same data, the acquisition of meat from private, subsidiary farms increased from 33 to 38.1 kg, or by a total of only 16 percent. The data cited above allow us to assume that the increase in the sales of meat and meat products in the markets are conditioned, to a considerable extent, by the sale of products derived from state resources. And this in turn—brought about a sharp decline in the sale of meat by the trade enterprises.

Indexes of the Sales Volume of Meat and Meat Products by Retail-Trade Enterprises, Public Dining, and Food Services, As Well As in Urban Markets (according to data of a sample market survey) for States of the Commonwealth (as a percentage of the preceding year)

	Retail Trade, Public Dining, and Food Services		Urban Markets	
	1991	1992	1991	1992
Armenia	81	24	96	146
Belarus	97	77	167	75
Kazakhstan	101	52	91	184
Kyrgyzstan	75	35	85	125
Moldova	76	52	121	75
Russia	94	61	111	130
Tajikistan	63	36	149	349
Turkmenistan	96	56	83	135
Uzbekistan	62	71	153	151
Ukraine	97	71	104	96

The decline in the production and import of meat and meat products has led to a decline in its per capita production. Thus, in 1992—as compared to 1991—the per capita consumption of these products declined in Armenia by 35 percent, Kazakhstan—by 13 percent, Ukraine and Moldova—by 18 percent, Russia—by 16 percent, Tajikistan—by 29 percent, and Uzbekistan—by 17 percent.

Taking into consideration the trend which has evolved recently in meat production at agricultural enterprises and private farms, the total meat production in 1993 is estimated to be 8-10 percent less than in 1992. Consequently, there will also be a further reduction in per capita consumption at approximately the same rate as occurred in 1992.

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POLITICAL AFFAIRS

Markulov on Liberal Party Election Prospects

944K0406A Kiev UKRAYINA MOLODA in Ukrainian
7 Dec 93 pp 3-4

[Interview with Ihor Markulov, leader of the Liberal Party of Ukraine (LPU), by a group of journalists; place and date not given: "The LPU Will Win the Elections. You Don't Believe Me? You'll Be Pleasantly Surprised"—interview recorded for UKRAYINA MOLODA by Larysa Ostrolutska and followed by author's commentary]

[Excerpts] The author learned just difficult it is to "catch" LPU leader Ihor Markulov from her own unsuccessful attempts. But then came the president's decree removing Mr. Markulov from the post of presidential counsellor on matters concerning the market economy (in conjunction with his "assuming a new position") and an announcement from LPU headquarters that the party leader and ex-counsellor has found the time to meet with journalists. As one of a limited contingent of journalists, I enter his office, the door to which no longer bears a title plate.

What follows is a composite of the collective interview and the author's observations and reflections apropos of this. [passage omitted]

[Question] What do you think the Liberal Party's chances are in the upcoming elections?

[Markulov] I have absolutely no doubt that we will achieve the results we expect to achieve. We are the only party with organizational structures in all regions. Our analytical centers have compiled their forecasts for each region. We have mechanisms in place and plans of action.

[Question] How many seats in parliament do you expect to win?

[Markulov] The majority. You don't believe me? You'll be pleasantly surprised.

[Question] Do you mean that you believe that you will win a majority now, in these elections? To do so, you will need to get a majority of votes in the majority of districts, whereas our socially downtrodden society is not much inclined to delve deeply into various ideas. How do you propose to win it over?

[Markulov] We will do everything in our power and more just as long as our opponents do not block us. History offers an example in which an unknown man with only 35,000 dollars in annual income became president of the most powerful nation. I mean Bill Clinton, the President of the United States.

[Question] Are you going to run for the office of president of Ukraine?

[Markulov] No.

[Question] You do not want to be president?

[Markulov] It would be foolish of me to want this.

[Question] Why?

[Markulov] First of all, there is there age qualification. I am still under 35. But that is not the main reason. Why should I hurry? I should be where I believe I can do the most good at this time.

[Question] Let us imagine that the Liberals win the election. What would be the first laws, decrees, and directives that you would issue?

[Markulov] The first thing we would do is create an anti-inflation committee. We have a program for halting inflation that is based on a solid scientific foundation. This committee will have to resist great pressure—from all sides. For a month, a month and a half, two months. This is an extremely great risk for the government. If it fails, it will have to resign, but if it succeeds, this will mean the beginning of progress.

Next. Land has to be put on the market, which will immediately stabilize finances. To create a reserve fund at the National Bank.

A great many things must be done immediately. This entails an entire complex of measures. After inflation has been halted, we must provide a stabilization fund and introduce our own currency. Very harsh, radical measures are needed.

One of the principal sources of inflation today is the parliament, which every month approves new credit flows. But can we not follow the same path as the Russians? That is why we need to hold elections. Recently, while still counsellor to the president, I visited the United States and the World Bank in particular. Do you think they don't know who is blocking reforms and who makes up a powerful lobby in the government? They told me the names of the people who are prepared to fight to the death to prevent the realization of an 800-million-dollar energy project for Ukraine. This project has been in existence for three years, and financing for it can be obtained very quickly. But it hinges on reorganizing the coal industry and thus impinges upon the interests of the coal clans. The project consists of extracting methane from coal seams. It will provide Ukraine with enough of her own gas to meet her entire demand. Leading world corporations are prepared to participate in this project. The World Bank will finance it. But the coal clans want no part of this; they are afraid of losing their influence in the region—in production as well as in politics. Clearly, they are exploiting the crisis as a political weapon.

[Question] Ihor Romanovich, real programs obviously need real people capable of carrying them out. Do you have such people?

[Markulov] We are approaching the turning point. Yes, the LPU can provide Ukraine with such professionals.

[Question] If we took a different approach in the elections and there were party lists, which well-known people would you include in these?

[Markulov] We do not want to create opposition to them starting from now. What would be the point? Each candidate campaigns on his own behalf: there are printing facilities, television, and organized groups that campaign among the people.

[Question] In other words, the majority system suits you?

[Markulov] If there were another system in place, we would simply change our tactics 180 degrees.

[Question] What about the people on whom you count—will they advertise the fact that they are supporters or members of your party?

[Markulov] There will be no set rule. Some will, others won't. This is not a very important issue. We feel sufficiently strong and would like to inform everyone who is listening: we have not completed our list yet. There is room on it for progressive forces who want to make a real contribution to ensuring that Ukraine flourishes. We can fully guarantee their victory in the elections...

[Question] Your party might well be called the most secretive. You have everything: programs, people, not to mention funds, but you keep everything a secret...

[Markulov] Why? Because every party has its own tactics. If we expend our energy to no good purpose now, we will not have enough strength when we really need it. Virtually all the democratic parties in Ukraine have already quarreled with one another. But they cannot say anything about the Liberal Party. We did not take part in these political warm-ups. And now, when it is a question of who will head the political process in Ukraine, it would appear that there is no party that can fulfill this function.

[Question] You want to say: "There is such a party!"

[Markulov] Indeed, there is. It has its own philosophy, arduously evolved in the course of history, and deep roots. In contrast, parties formed around some one individual—for example, Travkin's party or the Party of Labor—are not very long-lived; as a rule, they exist only until elections are held. A party needs to have a good base to create a system. Rivalry between parties, even those that are ideologically close, is a normal and progressive phenomenon. They can complement one another and develop into a centrist bloc.

[Question] But you do not want to enter into any coalitions.

[Markulov] I simply do not want to rush to any conclusions. This will be the first time that political parties take part in elections. Each will reveal something about itself: how principled it is, how consistent, how honest. The

only forces we refuse to cooperate with are the radical groups—the communists and the socialists. This would mean a total rejection of our principles. As for the democratic parties... We will wait until the elections.

[Question] Perhaps this question is not altogether good form, but could you at least tell us the number of zeros in the figure that the election campaign will cost you?

[Markulov] Who is going to tell you that?

About the leader. He is young, handsome, and rich. What else does he need? It turns out that he wants much more. He explains it as follows: money is of interest only up to a certain amount. (It would be interesting to know what that amount is.) Then it becomes clear that making money is not the best method of self-realization. Giving away money offers much greater prospects. For what and to whom is a matter of individual character.

Markulov believes that his actions are best explained by an aphorism of his own devising: you cannot be happy if you are rich among the poor. There are therefore two choices: either leave for a place where there are many rich people, namely, over the hills and far away, or increase the number of rich people here. Over the hills and far away, you need to spend about ten years making your reputation, plus you have to change your psychology, your habits, adapt to a new mentality. Whereas you can also pour more and more money into your own land and, like Buratino, wait and see what emerges.

But neither choice suits Markulov. He is sure of himself and ambitious. I was especially impressed by the episode in which this daring young fellow won a director's post (at the outset of restructuring there was a time when directors were elected) by convincing the plant's workers that he would double their wages the next day. This he did by taking out a loan because the plant's treasury was empty. Eventually, the collective not only repaid the loan, but earned itself even higher wages. He was sure that he would find a solution and took a risk.

His life is of interest to future biographers and myth-makers. A modern tale of the ugly (poor) duckling that is transformed into a beautiful (rich) swan. A childhood spent in a children's home, where, by the way, he almost ended up in a children's penal colony for his negative attitude to Pavlyk Korchagin. Followed by the physical culture institute (master of sports in wrestling). A year and a half spent working underground as a coal miner. He did his job honestly and conscientiously—those who felt a need to do so have already checked this out. Then—trade and the building industry (in which he successfully "ran" for the position of plant director). At 26 years of age—the youngest general director of the Prombudkombinat [Industrial Construction Combine]. Then—"Aton." The latter is now a transnational corporation with many branches, specializations, areas of interest. It is one of the sources of the LPU's financial strength. Starting from this point on, the researcher would run into difficulties—he would constantly find himself knocking his head against commercial secrets. But Markulov never tires of repeating

(and so far not a single competent source has refuted his claim) that he has not broken a single law and that he has not concealed anything from anybody. Consequently, he has no fear of anyone trying to compromise or discredit him, because "if you stand straight, your shadow cannot be crooked." However, he cannot rid himself of one feeling—a sense of affront. "And this affront continues to rankle. I have not had an easy life. Why does society view my success as something negative?"

And what's so unusual about that? Accustomed for decades to the notion that any head that rises above the rest must be "levelled," our social consciousness is finding it very difficult to accept the emergence of wealthy individuals no matter how they make their fortunes. In fact, people find it easier to accept a fortune earned by dishonest means. By the way, the author has no idea how to go about making a fortune honestly, but that is a shortcoming on the author's part.

For Markulov, politics are subject to the same laws as business: a certain code of honor must be adhered to, everything connected with the party's tactics is a commercial secret in order to prevent rivals from hurting or stealing a march on the party. He views himself as a businessman who has been forced to enter into politics, but he is convinced that he has mastered politics. Another tactical postulate: he who moves more slowly but knows where he is heading will reach his goal sooner than he who moves more quickly but rushes around every which way. There is no need to rush; we need to make sure that everything is done right. He requires predictability of politicians and for that reason rejects Zhirinovsky.

The image of the self-confident, assertive, and ambitious leader of the LPU has an Achilles' heel. A countryman of Rasul Hamzatov, married to a Ukrainian, he is fluent in Avar, English, and "the language of international intercourse," but is quite inadequately versed in Ukrainian. He has a complex with respect to this last fact, leading him so far as to wonder if it makes sense to be leader of a party aspiring to be a leader in society if one is of a different nationality. Although, presumably, it would be simpler to finish learning Ukrainian and recall the numerous examples in history in which good (as well as evil) has been done in Ukraine by non-Ukrainians.

One could put a period here, or, at least, three periods, and conclude by quoting the leader of the LPU:

"I believe in myself. There has never been a time when I promised to do something and failed to deliver on my promise."

And wait for the elections.

Rukh Leader Blames Government for Crisis

944K0448A Kiev NEZAVISIMOST in Russian
15 Dec 93 p 3

[Article by Les Tanyuk, based on speech at Fifth People's Rukh of Ukraine Congress: "Ukraine in Danger!"]

[Text] Recent actions of the Cabinet of Ministers of Ukraine have revealed in full measure the real intentions and purposes of its activity. The government's policy is antipopular. Having set as its immediate goal the economic and financial seizure of power, the government has provoked an unprecedented decline in the living standard of the people of Ukraine. In the current year the increase in wholesale prices has outstripped threefold the rate of growth of average pay. Thus, the majority of us have found ourselves below the poverty line.

An educated, industrious people of a big, European, industrially developed state, rich in its own natural resources, has been reduced to poverty and despair. Under the conditions of an unprecedented harvest, the people are starving. The contours of a new man-made famine have begun to appear.

Each citizen has today seen for himself that it is the government that is ratcheting up inflation, which is a form of plunder of the people and enrichment of the nomenklatura elite, which is taking its resources abroad.

The directive increase in the retail price of food and industrial commodities is an unlawful form of a one-time sales tax on all citizens of Ukraine. The people have been robbed for the "replenishment" of the budget, whose resources are being used unchecked by the powers that be.

The government is hypocritically passing off its actions as the introduction of market relations. But what kind of market is this, when the state, arbitrarily establishing the level of prices, is limiting wages, deliberately understating the administrative rate of exchange of foreign currency, and confiscating it from exporters for "priority" distribution by government officials. This has led to the state lacking currency resources to pay for medication, energy, and other urgent requirements, and is inciting exporters to conceal currency earnings overseas, thereby stimulating corruption and theft.

The state monopoly in the sphere of procurements and foreign economic relations is being maintained and strengthened.

In spite of all the impediments on the part of the agro-communist nomenklatura, Ukraine's peasants cultivated and harvested in 1993 approximately 50 million tonnes of grain. Ukraine really needs only 17 million tonnes. Thus,

the government had an opportunity to use approximately 33 million tonnes of grain for other purposes and for export—grain which together with sugar could have become oil, gas, heating in the apartments, raw material for the plants, well-being for the villagers themselves and, finally, a powerful factor of the building of Ukraine and the strengthening of its independence. But the adroit conductors of the collapse of the state and the inspiration behind the party nomenklatura and the other mafia did everything to prevent this, and the harvest—God's gift to Ukraine—went into their pockets.

The peasants were plundered yet again by way of the purchase by the state procurement organizations of the 1993 harvest not for real money but for air—monetary issue provoked by increased inflation. Today the government is selling the procured harvest at considerably increased speculative prices to settle accounts (allegedly to settle accounts) with the countryside and to "find" the funds for the payment of wages and pensions. A wide-ranging campaign to discredit in the eyes of the public the commercial and banking structures, to which responsibility for the consequences of the activity of the corrupt government is being shifted, is being mounted simultaneously. Fear of reforms is thus being implanted.

Such actions of the government and the president are shaping among our close and distant neighbors an opinion about Ukraine as a state which, instead of reforming the economy, is pursuing a policy of support for insolvent enterprises at the expense of the catastrophic impoverishment of the people.

Civilized states are reluctant to deal with the communist nomenklatura tribal reservation, which is systematically violating human rights, the rights of the people and the rights of the nation, impeding the reforms and the adoption of truly democratic laws and provoking the sausage or independence dilemma.

It is said that some travelers in Central Africa saw among cannibals a cage in which prisoners of a neighboring tribe were being fattened for the table of the local chief. Of course, the travelers wanted to help these doomed persons and ransomed them. But the prisoners were reluctant to leave the cage, because they were afraid that they would not be fed as well and would be forced to get going, walk, run. Whether they would be eaten or not remained for them to be seen, but prepared food for today was for them more important than any freedom.

We, however, will do everything to prevent ourselves from being eaten, for there are more than enough of those wishing to do so.

We are in no doubt that today's situation in Ukraine is a consequence of the deliberate policy of the ruling elite, aimed at provoking an intensification of the socioeconomic crisis in society for the purpose of winding up the democratic processes and reviving communist totalitarianism. We are moving toward the imposition of a state of emergency, which will crush all embryos of democracy in Ukraine.

It is now clear that the whole responsibility for such a policy and its consequences lies with the so-called "power party" and the president of Ukraine personally. The "power party," together with its entire Communist Party nomenklatura and the president of Ukraine, personally must either take immediate steps to alter the situation or resign en masse.

We must help them here, because Ukraine is in danger!

Commentary on Rukh Congress

944K0449A Kiev NEZAVISIMOST in Russian
15 Dec 93 p 3

[Article by Lyubov Khazan: "Vyacheslav Chornovil: 'We Need Reforms, Not Revolutions'"]

[Text] Democrats unite three hours before the execution. These bitter words heard from the lips of Yegor Gaydar on the eve of the Russian elections were the leitmotiv of the Fifth All-Ukraine People's Rukh of Ukraine Congress. It has resolved to unite with other parties, not waiting for the tragic denouement. Faced with the threat of capture of the electoral precincts by a powerful front of communist and socialist forces and also the "power party," the unification of the democrats is expedient. But despite the creation of the permanent Congress of Democratic Parties and Organizations, of which 15 such are members (from Vladimir Yavorivskyy's Democratic Party through Slava Stetsko's Congress of Ukrainian Nationalists, where the broad electoral circles of M. Horyn, L. Lukyanenko, S. Plachinda, N. Porovskyy, I. Drach, and others, thoroughly disenchanted, could, possibly, gain their second wind), the entire democratic spectrum can hardly be considered "captured." The parties and organizations that have great influence in the east and south of Ukraine have not been pulled into the orbit of the magnetic idea of unity. The reason, obviously, should be sought not in the personal ambitions of the leaders, but in more profound differences, not least in the attitude toward the serious problem of the building of a state of the "indigenous nationality" or a state for the people that inhabit it. Whatever the case, Rukh has made its choice, as have its election campaign allies also, having launched the structuring of new political alliances.

As was to have been anticipated, the Fifth Congress demonstrated, as distinct from the two preceding ones, a unanimity in the party ranks that has ensued inasmuch as the current ruling authorities evoke in no one any emotions other than negative. The delegates deemed correct the chosen policy of opposition to the ruling clique headed by the president. Which really distinguishes the leaders of Rukh from the crowd of obsequious national patriots.

But there is a time to throw stones and a time to gather them up. Rukh arrived at the congress with a wide-ranging program of positive economic and political transformations set forth in an election platform. Its priorities include the idea of the creation of a parliamentary-presidential republic with a real distribution of functions of the competent authorities, an augmentation

of the role of local government, land reform, privatization and structural changes in industry, pricing and tax policy, social protection, health care, and security.

There is no doubt that a similar set of priorities will constitute the contents of a multitude of other platforms also, the program of the socialists and the "power party" included. As there is no doubt also that for the latter this will be nothing more than another demagogic method. Paraphrasing the classics, we can only advise the electorate: Choose, but carefully, but, at least, choose.

But despite the obvious unanimity, "one thought for all" did not result. In respect to the forecasting of immediate events, in the main. The economist Vladimir Chernyak, member of the Rukh Central Board, sees the following as a possible scenario of the development of the situation: Inasmuch as the threat of the establishment of dictatorship and a return to a communist regime is real, political parties and trade unions could initiate a general strike demanding the immediate resignation of the government, the president, and the Supreme Council, after which power would be transferred to a Committee of National Salvation or Constituent Assembly. Democratic elections would then be possible. Under the present conditions, V. Chernyak believes, with the domination of the "power party" and an election law beneficial to it alone, the coming elections are doomed to a loss to the nomenklatura.

The same conclusion was reached by the staff of the Rukh Secretariat Information Department, known to readers as RUKH-PRESS, on whose behalf Oleg Maystrenko spoke: "The issue will be very strictly defined: Either they establish their dictatorship, and Ukraine will once again sink for an indefinite length of time into an abyss of gloom, or the democratic forces will organize a resistance movement and will on the wave of popular discontent seize power (this could be called a Committee of National Salvation, a Constituent Assembly, or what you will) and, having adopted (as in the Czech Republic) a law banning the former Communist Party nomenklatura, will run for election and hold whatever state offices and after a certain length of time conduct really democratic elections."

Judging by the main report of Vyacheslav Chornovil, he also does not consider the establishment of a dictatorship absolutely impossible. But he retains the hope that it will be possible to keep the situation within a constitutional framework. In this case, if Rukh manages to obtain 25 percent of the seats in the future Supreme Council, and other reform forces as many, we could hope for the creation of a progressive legislative base and the formation of a new government. "We need reforms, not revolutions," the Rukh leader said.

Hope is the last to die. While absolutely disbelieving that the present authorities could, without bluffing, change the situation for the better or quit the scene voluntarily, I would like to hope for the impracticability of extremes. The election contest is only just beginning. Lanovoy, Grinev, and Filenko have yet to have their say. New

names and new ideas could and should appear. We will have things to choose from and people to elect if we can get through the coming three worrying months without social upheavals. Rukh has, in any event, farsightedly and optimistically reserved for itself the possibility of stage two of the Fifth Congress after the elections.

Unfavorable Demographic Trends Detailed

944K0371A Kiev NEZAVISIMOST in Russian
1 Dec 93 p 5

[Article by Natalya Negnadzyan (UNIAN): "Demographic Crisis in Ukraine—A Vicious Circle?"]

[Text] At the end of October a scientific conference, "The Demographic Situation in Ukraine," was held in Kiev involving the participation of prominent demographers, sociologists, and medical experts. The eminent status of its organizers, including the Ukraine Supreme Council Commission on Matters of Human Health, the economics department of the Ukraine Academy of Sciences, and the Ministry of Public Health, testifies to the critical nature of the demographic situation, which demands analysis and the adoption of appropriate resolutions at the state level. Such a reorientation of responsibility from departmental to state structures can be explained by three factors: ecological cataclysms, Chernobyl being the peak of these disasters; Ukraine's acquisition of political independence, with respect to which a sense of state responsibility for the fate of the nation has emerged; and the establishment over the past two years of negative population growth, predicted 10-15 years ago.

The Ukrainian state finds itself in a position which, according to demographic parameters (but not only these), is assessed as the worst of all the countries of the former USSR and places Ukraine on the same ladder rung as that occupied by the most unfortunate countries of the world. The crisis situation is characterized by two components: depopulation (i.e., a reduction in quantitative indices) and the deterioration of qualitative features of the populace.

Scientists have followed the clear trend toward decreased population growth rates and reduced total population figures in the future. Whereas over the period from 1979 through 1992 the population of the European territory of the CIS countries increased by 7.1 percent, specifically, in Belarus—by 7.3 percent, the Baltic countries—8.2 percent, Russia—7.9 percent, and Moldova—10.6 percent, in Ukraine this index amounted to just 4 percent.

While Ukraine's total population increased (from 49.7 million in 1979 to 52.2 million as of the beginning of 1993), the rate of population growth diminished appreciably, from 0.4 percent during the period 1979-1989 to 0.2 percent in 1990. According to scientific predictions, by the beginning of the year 2001 the population of Ukraine will be 51 million, and by the beginning of 2016—50 million, that is, will have decreased as compared with 1991 by 0.7 million and 1.8 million, respectively.

The number of deaths exceeded the number of births for the first time in 1991 (by 39,000); in 1992 it was by 100,000, and in the first half of 1993—by 96,000. At the same time, the birthrate decreased by 13.3 percent in 1989 (i.e., 13.3 newborn infants per 1,000 population) to about 11 percent at the beginning of 1993 [as published]. All of this yielded a 1.9 percent negative population growth over three years.

Although the birthrate level in Ukraine is assessed as extremely insufficient, this is nonetheless not the most important aspect. For example, the United States considers zero birthrate growth as being normal for the entirely appropriate existence of the nation. An extremely alarming symptom is the increased mortality level and, in particular, the fact that working-age men today are dying at a rate three or four times greater than that of women—and this parameter is double that applicable to Japan. Infant mortality in Ukraine (14 percent) is triple that of Japan, 2.4 times that of Sweden, and almost twice that of France and Canada.

The deterioration of qualitative factors in the populace is manifest in the following:

—reduced average life expectancy. Ukraine ranks in the 40-50 percentile of countries with respect to this index. From 1989 through 1993 the average life expectancy for men decreased from 66.1 to 63.5 years of age, for women—from 75.2 to 73.4 years of age;

—“aging of the population” as a result of the cumulative influence of all depopulation processes and the reduced life expectancy. In 1993, the total number of people receiving pensions exceeded 13 million. This, in turn, led to a deterioration of the “demographic burden” index: 406 children and 389 pensioners per 1,000 working-age people (as opposed to 412 and 379 in 1989). Thus, over half the population of Ukraine is unable to work;

—increased foreign emigration of the Ukraine population. Whereas in 1979-1988, an average of 4,800 people emigrated, in 1989-1991 this figure reached 90,700, and in 1992—288,100. On the other hand, there was an increase in the influx of people from the near abroad having poor occupational qualifications but great social needs.

The demographic crisis mirrors the country's economy and is bringing the labor potential of the population to a crisis state. Following the formation of an army of unemployed (which will be difficult to incorporate into the framework “normal” for a modern economy—of 3-5 percent), a significant portion of the “superfluous” people (30-40 percent of the expected number of unemployed) will be incapable of being retrained. In this manner, we will see not a surplus, but rather a real shortage of labor potential of the required quality, and this will become, in the opinion of scientists, a fundamental problem of the country.

An implementation of demographic programs is impossible without economic support, while the unfavorable demographic situation is bringing about a slowing of the country's economy. We have a vicious circle. According to the conference results, we can expect neither an upturn in the economy nor an improvement in the demographic situation of Ukraine in the near future. If there does exist a real way to extract ourselves from this situation, it is the “demographic orientation” of governmental structures and the formation of state policy taking into account demographic consequences.

ECONOMIC AFFAIRS

Cabinet of Ministers Prohibits Issuance of Bank Credits, Rescinds Order

Bank Official on Prohibition

944K0453A Kiev UKRAYINA MOLODA in Ukrainian
14 Dec 93 p 3

[Interview with Yaroslav Soltys, chief, Ukrinbank Credit Resources Administration, by UKRAYINA MOLODA: “Run up to the Wall, and Beat Your Head Against It...”]

[Text] Over the last few days Ukraine's financial system has been experiencing an unhealthy, feverish state; it has been shivering and is still sensitive. We have already written about the sudden and unexpected telegram from the Cabinet of Ministers and the National Bank—a telegram which prohibited the issuance of any bank credits whatsoever from 2 December to the very end of 1993. In addition to this, all centralized credits of the NBU [Ukrainian National Bank] were supposed to be returned, whereas enterprises which have credit indebtedness and hard currency at the same time were supposed to be essentially regulated and settle up their accounts—at least those in hard currency. This telegram was not in effect very long, but more about that later on. Right now we would like to acquaint you with the initial reaction to the above-mentioned telegram in banking circles. And so here are the comments of the chief of the Ukrinbank Credit Resources Administration, Yaroslav Soltys, to the decision prohibiting the issuance of credits.

[Soltys] This is an unprecedented decision. I do not know any other such instance in world practice wherein banks have been prohibited from issuing credits. And I unequivocally interpret such an action by the government as an undermining of Ukraine's economy. Let me explain that statement. All the production sectors in Ukraine are operating with surpluses, and everyone who works is acquiring too much. Agriculture, metallurgy, communal services and public utilities—as well as the coal, light, and food industries—are all producing excessive amounts. And, at the same time, prices are going up; there is a terrible inflation—amounting to a 70-percent monthly increase, and, in my opinion, we can even speak about a total increase of as much as 100 percent. At the prompting of the government, the National Bank endeavored to reduce the issuance of credits. At first

they contrived the so-called "credit ceiling," which—by the way—was designed to be introduced at the National Bank level rather than at the level of the commercial banks. Then they were accumulating money simply for agriculture. Now the government has prohibited the issuance of credits altogether. But without such credits operation is impossible both for the state structures which we mentioned—those operating with surpluses—or the commercial structures—which have been experiencing a period of growth and development. All these enterprises will simply grind to a halt without credits.

Let's take a look at the following paradox: Even now our storage facilities are filled to overflowing with petroleum products; nobody can even give them away free of charge; but neither can enterprises buy anything without credits. Moreover, the telegram mentions criminal liability for violating the governmental decision to prohibit the issuance of credits. In addition to all this, the resources which commercial banks have are payable resources. And whose accounts will be used to pay for them unless credits are issued? Therefore, besides ruining all industry and agriculture, such a decision by the government also has the goal of destroying the commercial banks and all market structures.

[UKRAYINA MOLODA] Yaroslav Fedorovich, does it not seem to you that this step—prohibiting the issuance of credits—is an intermediate one and that it must be followed by another one: either nationalization of the banks, or monetary reform? Or—perhaps—by something else?

[Soltys] They have already taken one step backward. What will be next? I have become almost convinced that the ruinous consequences of such actions have become so obvious that the government will be forced to revoke—or at least modify—its decision. But these consequences already demonstrate the government's prior incompetence—well-hidden up to now—and its hostility with regard to the economy. It may seem paradoxical, but the Ukrainian government has been preprogrammed to ruin the very economy of Ukraine. And as to nationalizing the banks.... Well, you will recall that in 1917 Vladimir Ulyanov [Lenin] wanted to do precisely that. And he began with hunger and civil war. The adventurists in our present government would obviously like to profit from this experience.

[UKRAYINA MOLODA] And does that not make you think that the monetary reform will begin soon?

[Soltys] By no means. Do you think it would be feasible—before taking such a long leap—to run up to a wall and beat our heads against it? That is something like what our government is proposing.

[UKRAYINA MOLODA] We have been speaking about the government, but—as you know—the executive branch is now headed up by the president.

[Soltys] In my opinion, he is consciously being deceived by those persons who speak about the positive results of

such steps. It seems to me that there is nobody around the president who could give an objective assessment of these measures.

Bank Official on Current Financial Situation

944K0453B Kiev UKRAYINA MOLODA in Ukrainian
14 Dec 93 p 3

[Interview with Leonid Serhiyovich Marchenko, chief, VA-Bank, by UKRAYINA MOLODA: "Seaman Zheleznyak Has Been Thinking It Over"]

[Text] It turned out that Yaroslav Soltys was right when he spoke about the modification or even revocation of this telegram as the only possible solution to the problem at hand. On 9 December the prohibition on issuing credits was rescinded. Nevertheless, commercial banks were forbidden to increase their credit investment deposits, and a "credit ceiling" was set at the level of the credits issued as of 2 December (see UKRAYINA MOLODA, Issue No. 83). Of course, the turning of the financial river into its usual channel does not mean that the situation has been completely normalized. With regard to how things now seem to bankers, we talked with the chief of the VA-Bank, Leonid Marchenko.

[UKRAYINA MOLODA] Leonid Serhiyovich, it seems that the situation pertaining to the commercial banks has now reached its apogee. At first they were only blamed for puffing up and spreading inflation, but now measures are already being applied which place restrictions on banking activity.

[Marchenko] A few days ago I was approached by a woman living on a pension—a former schoolteacher—who handed me a letter of collective thanks from our bank's customers. And she wished me success during the new year. I think that this was connected with the fact that we have been endeavoring to protect people from the ravages of inflation. For example, we recently introduced a new savings certificate with an annual interest rate of 1,000 percent. That is to say, if a customer deposits 100,000 kr. [karbovantsy] now, he or she will obtain 1,100,000 kr. after one year. I am sure that not even this will cover the inflationary excesses. But people will, nevertheless, understand that it is by no means the banks—particularly the commercial banks—which are to blame for the economic crisis.

[UKRAYINA MOLODA] It would be interesting to find out which of the last three governments you respect.

[Marchenko] I think that our government has only gotten worse each time it changed. In principle, even Fokin, whom we reviled during his time in office, was a better prime minister than Kuchma. And nowadays things are utterly absurd!

[UKRAYINA MOLODA] It's amazing what a unanimity there is among bankers—no matter which ones we talk to—concerning the absurd activity of the present-day government.

[Marchenko] I can assure you that we are not in any kind of secret collusion on this matter. The principal difference between bankers and ordinary citizens lies in the fact that we know what business enterprise is really like

and to whom guarantees should be given for a particular commercial operation. Here—for example—several guarantees of Pivdenmash have just passed through my hands. And then I have already seen the processes which are taking place from the inside: where the money is going, to whom, and other such matters. But such appraisals turn out to be virtually identical because they are objective. It is certainly true that bankers analyze the situation from the inside. We know the actual state of affairs—the condition in which our economy finds itself. And, believe me, because of this one sometimes wants to dress in black.

[UKRAYINA MOLODA] If the situation reminds one of the atmosphere in the home of a gravely ill person, then perhaps it is indeed time to prepare the funeral clothes. Do you consider, Leonid Serhiyovych, that there are weighty reasons for the government to apply new measures for the purpose of restricting banking activity? In particular, what were the reasons which brought about the prohibition on issuing credits?

[Marchenko] To my way of thinking, the problem lies in the fact that the economy—for a number of reasons—needs a new infusion of money. But the National Bank is fully justified in seeing the ruinous nature of such a step, and it is endeavoring to seek out real money instead of resorting to a single or one-time currency issuance. Indeed, restrictive measures were introduced—aimed at making sure that banks had enough surplus funds in their correspondence accounts to utilize in the future.

But on 9 December the National Bank rescinded this decision. And banks returned to the modus operandi (under which they had, indeed, been working for the last two months, to the so-called "credit ceiling.") In the event that we fail to abide by such a "ceiling," they will not regard us as criminal malefactors, but they do promise to hold us administratively and financially liable. Well, that's a great relief for us....

By means of an item printed in your newspaper I have become acquainted with the stance taken by the chairman of the National Bank, Viktor Yushchenko. Therein he explains the prohibition on the issuance of credits as a measure aimed at increasing banks' liquidity. Nevertheless, I consider that this does not correspond to the actual state of affairs. In point of fact, the prohibition on issuing credits was planned as a fiscal measure. And although it has already been rescinded, the negative consequences will still linger on for some time. The first of these will occur at the end of the year: Approximately 8-12 percent of the revenues will not make their way to the budget. But that's not all. I think that we will feel the effects of the week when credits were prohibited over the course of the next six months.

[UKRAYINA MOLODA] Leonid Serhiyovych, it's obvious that the week without credits can be regarded as an effort to test in the banks a new mechanism for redistributing finances. That is to say, funds are accumulated in the banks' correspondence accounts; then

they are utilized for the purpose of granting credits to certain enterprises under privileged conditions and on favorable terms. What kinds of consequences has such a scheme had?

[Marchenko] On the whole, trade in money is not any different than trading in, let's say, bread or cigars. Money is itself a commodity. If a reduced or dumping price is set on this commodity, then the difference between the actual and the officially set prices would create a crime-prone type of situation. Both in those structures which set the price on money, as well as in those wherein these interest rates will be sold, the sums are the same. It would not be at all appropriate for the government to create a shadow economy. But, in principle, I am inclined to consider that this would again lead to a great reduction in the tax revenues from banks to the budget.

I know that rumors are circulating about a monetary reform. Frankly speaking, we were anticipating the introduction of the hryvna at the beginning of October. And this was considered feasible, provided that it was followed by a "train" of stabilizing, anti-inflationary measures. Nowadays, however, monetary reform is viewed as extremely short-sighted; I would compare it to a tempest in a teapot.

[UKRAYINA MOLODA] But rumors are also making the rounds about the nationalization of the banks....

[Marchenko] You know, that does not bother me at all. If our state nationalizes the banks and announces that—beginning on 1 January—the year 1917 will come back again and that Seaman Zheleznyak will arrive here again with an order in his hand.... Well now, we've already been through all that, and we know the main thing that will come out of it.

[UKRAYINA MOLODA] Seaman Zheleznyak has already raised his hand to knock on the banks' doors. In your opinion, when will this attempt be repeated?

[Marchenko] Frankly speaking, it is now quite impossible to predict anything inasmuch as the government is not only incapable of doing anything, but has even entered upon a certain state of prostration. And its decisions could be entirely unexpected.

I understand the situation as follows: If the Communist Party emerges victorious in the Russian elections, then our song could be considered to be already over and done with.

And, therefore, I place the greatest emphasis on the political situation, for I am convinced that the market economy knows how to overcome this crisis, whereas the totalitarian type of economy simply does not know such paths.

Donbass Economic Crisis Portrayed

944K0377A Lvov POST-POSTUP in Ukrainian No 43,
25 Nov-1 Dec 93 p A5

[Article by Olga Burda, under the "Separatism" rubric:
"Donbass: The Time Has Come To Pay the Strike
IOU's. And the Cost Is High"]

[Text] Donetsk—The regional independence of the Donetsk region, to which the oblast leadership had aspired for so long, died before it was even born. The official proof of this was the 16th session of the Donetsk Oblast Council, which took place on 17-18 November. The deputy speeches resembled funeral eulogies.

The situation in the Donetsk region has come to such a point that members of the oblast council had to neglect 20 items on the agenda in order to resolve the main one—the oblast electric power supply. Strange as may be, the administration of a coal-producing region has displayed absolute helplessness when it has come to providing itself with fuels. As Yuriy Smirnov, the president's representative in Donetsk Oblast, told the deputies, the Donetsk region, over and above its own electric power, also consumes 10 percent of the output of Ukrainian nuclear power stations. As of 17 November, 518,000 tonnes of coal had been delivered to the oblast's seven power stations, and 917,000 tonnes consumed. It came to the point of tapping the emergency reserves, half of which consist of Ekibastuz coal. Nevertheless, the black day has arrived. If things continue as they are, on 24 November the Donbass power supply system will get out of whack.

The problem is not unexpected for the region: As early as in the summer, the oblast leadership knew that the output of coal had fallen sharply. On top of that came the November surprise of the coal generals, who stopped shipping coal at the old, regulated prices. "The directors only shout that we need regional independence, but as soon as we turn to them for support and help, they turn their back on us," Yuriy Smirnov complained at the session, referring to coal producers, who in their struggle against the state buried their own power engineering, and to metallurgists, who do not wish to shoulder a part of the coal miners' burdens.

Kostyantyn Fesenko, the head of the coal industry workers trade union, argued that today's problem of power supply had been born a long time ago, in the offices of high power. It is no secret that the production cost of coal today consists of wages (78 percent) plus the cost of timber. The miners have no money to buy boiler oil and metal. Neither can they pay electric power producers. Today each tonne of coal produces 106,000 karbovantsy in losses for an enterprise. The Donetsk Coal production association alone is 190 billion karbovantsy in debt. The current fixed prices were the result of promises of subsidies, which, however, remained just promises. The subject of the need to establish price parity came up a long time ago; however, in the opinion of Kostyantyn Fesenko, our statesmen lack the courage

to implement the necessary rescue steps. Yukhim Zvyahilskyy, knowing fully well that failure to resolve this matter will result in the collapse of the coal industry and a social explosion, which will crash the Ukrainian state into pieces, replied: "There will be no decision on prices. Let it blow up." "One gets the impression," summarized Fesenko, "that the current authorities are attempting to wash the ill-gotten money in the blood of others. And while in other former republics of the USSR interethnic conflicts flare up, in Donbass [Donetsk Basin] we can expect a carbonari version."

Deputy Mykola Kravchenko reproached the miners that they themselves, not someone else, brought to power the people against whom they are fighting today. And the fact that Donetsk Coal is not shipping coal to consumers Kravchenko sees as the way Valentin Ilyushenko, the general director of this production association, and the strike committee are getting even with Yukhim Zvyahilskyy. Volodymyr Boyko, the general director of the Mariupol imeni Ilyicha Metallurgical Combine, said that administrative regulation of prices by itself will bury Ukraine. One of the strike committee leaders, Yuriy Boldyrev-Gurevich, found, however, an original way out of the crisis: "Ukraine should sell itself. All we need to do is find a method of doing it that would not be shameful. For instance, give half of the stock in the Lisichansk oil refining plant to Russia and in return ask the Russians to get Ukraine in order."

Meanwhile, the Donetsk Oblast authorities do things the old way: Instead of conducting a thorough analysis of the situation, they panic. Instead of conducting a cardinal restructuring of the totally deformed Donetsk region economy, they patch the holes by administrative-command methods. Meanwhile, only a blind person could fail to see that technological processes and products made in Donbass are noted for their high energy-intensiveness. And even among the new technologies implemented in industry over 1993, only 18 percent may be considered resource-saving. According to the data of the oblast statistical administration, at least 40 percent of the electrical power consumed by oblast industrial enterprises is used to meet the needs of its own fuel and energy complex. That is to say, coal is produced in order to generate electrical power, which is then utilized for coal production. Ferrous metallurgy accounts for one-third of industrial use of electric power. While the light and food-processing industries consume only 1 percent. Thus, structural restructuring of the region's economy is urgently needed. So far, however, the opposite process is taking place in the Donetsk region. While the number of workers in the light and food-processing industry declines, the labor force of the coal industry grows. This shows only one thing: Donbass will remain for a long time a fuel and power generation oblast, and it is unrealistic to expect any regional independence.

Meanwhile, the president's representative issued an order outlining 10 steps of restricting electric power usage in the oblast. The oblast council session supported him. The only ones to disagree with them were the street lights in Donetsk, which during the whole day of the session's work competed in brightness with the sun.

Minister Views Regional Economic Policy
944K0415A Kiev PRAVDA UKRAINY in Russian
10 Dec 93 p 3

[Interview with Valentin Landik, deputy prime minister of Ukraine, by Tamara Mayboroda; place and date not given: "Regional Policy. What Kind?"]

[Text] In the opinion of Valentin Landik, deputy prime minister of Ukraine, our *perestroika* is largely spinning its wheels on account of functionaries of the authorities' inert perception of themselves as managers. And far from all of them, unfortunately, are capable of understanding that the time has come for a change of functions. The main task of the powers that be today is not so much to manage, in the sense of commanding, as to coordinate efforts, directing them into the channel of all-state interests.

In the cabinet Valentin Landik is in charge of foreign economic activity and, as of late, of regional economic policy also. This is the subject of the interview.

[Mayboroda] What brought about the need for the implementation of such a policy?

[Landik] The long-standing primacy of the principles of centralized and departmental-sectoral management and the absence of precisely identified provisions of state regional policy led to the distortions in territorial proportions, the unevenness of the socioeconomic development of the regions, and the serious management, social, and economic problems that exist today and are already imperiously demanding immediate solution.

We are confronted with the need to create organizationally the legal and economic conditions which afford each region relatively equal opportunities for comprehensive development and the efficient use of local natural, material, labor, and financial resources.

[Mayboroda] What principles form the basis of regional policy in the near term?

[Landik] A draft of the main directions of this policy with an identification of specific measures for the coming years has been prepared in the cabinet.

It is essential to ensure the precise delineation of authority between the central and local organs of state executive power. Savings could be achieved thanks to the territorial division of labor and the establishment of close interregional economic relations within the framework of the unified market space of Ukraine and foreign economic relations.

A progressive structural reorganization of the economy of traditionally industrial regions and centers, a recovery of the economy in rural localities, a revival of folk trades and crafts, the formation of a rational settlement system, and much else is needed.

We have identified the priority directions of the development of individual regions, but this will in no way fetter local initiative. On the contrary, the government is

prepared to accommodate rational initiatives and is ready to render them what support it can.

[Mayboroda] You refer to the president of Ukraine's delegating to the oblast state administrations of the Donbass and the Dnieper region authority to administer assets which constitute all-state property?

[Landik] Yes, four oblasts—Dnepropetrovsk, Donetsk, Zaporozhye, and Lugansk—wished to test their mettle on the basis of great economic independence. And we have afforded them this opportunity. Let us hope that the experiment, which will run through 1995, confirms its viability and proves efficient.

Nor did the government object to the creation of a free economic zone in the Transcarpathians, but the Supreme Council blocked this project in debate.

Speaking of free economic zones as such, they represent an important instrument of an increase in the efficiency of economic activity in the regions and could be of the most diverse types. The most realistic possibilities and conditions for their creation are, in our view, in Volyn, Transcarpathia, Odessa, Lvov, and Nikolayev Oblasts, Crimea, and the cities of Kiev and Kharkov, which have for this particularly favorable factors such as transport and geographical location, a developed economy, established foreign economic relations, high personnel and scientific-technological potential....

As a whole, the simultaneous creation of several experimental zones of a varying orientation in order to perfect the new mechanism of management and avoid possible negative consequences would be expedient in Ukraine.

[Mayboroda] What kind of role, Valentin Ivanovich, in the context of the main directions of regional economic policy is assigned the local organs of administration?

[Landik] The state should be interested in an expansion of their powers and their increased influence. I believe that this has already been notably reflected in the provisions of the draft new Constitution of Ukraine. The local organs of administration should become the conduits of the policy of the central executive concerning questions of the administration of all-state assets, the formation and use of local budgets and currency funds, the establishment of regional orders for the manufacture of products and for jobs and services, the conclusion of contracts, the creation of joint ventures, and so forth. All this would contribute to this extent or the other to the interest of the authorities locally in the efficient development of the region's productive forces and at the same time relieve the central executive authorities of excessive tutelage. Enforceable enactments that would create the legal basis for an extension of the authority of the local organs of state power and the development of interregional cooperation are already being drawn up to this end.

[Mayboroda] Any policy demands particular mechanisms for its implementation....

[Landik] State regulation of regional development will be exercised with the aid of quite a wide spectrum of economic methods, specifically: direct government investment, the creation of special funds for financing programs, the attraction of foreign and private capital, soft loans, and so forth.

The key issue in the operation of this mechanism is the policy of the formation and division of financial resources between the state budget and the budgets of the territories. We see an improvement in the tax system at the regional and local levels in the establishment of stable norms (rates) of tax receipts from enterprises and organizations in place of the current transfers from all-state taxes and dues. An increase in the relative significance of local budgets in the country's consolidated budget to a rational level is an objective necessity of the decentralization of control of the socioeconomic development of the regions.

[Mayboroda] Speaking of an increase in regional independence, we come one way or another to the problem of rationalization of the administrative-territorial division of the country. What might it look like in the future?

[Landik] The socioeconomic changes that are being effected in Ukraine today will require, of course, appropriate adjustments in its administrative-territorial arrangement. Principles of regional administration with the endowment of the regions (consolidated oblasts) with the status that exists with a federal-land arrangement are the reference point. But it is essential for this to further develop in depth questions of the creation of the organizational structures of administration, mechanisms of the interaction of the administrative units of various levels between themselves and the central organs of administration, and so forth.

Obstacles to Privatization Viewed

944K0446A Kiev VECHERNIY KYIV in Ukrainian
11 Dec 93 p 2

[Article by Volodymyr Chikalin: "An Obstacle Course, Or Who and What Is Slowing Down Privatization: Problems of Our Capital"]

[Text] A few days ago I went around to all the neighbors on my floor in this apartment building, and I inquired as to who among them had already set forth on the path to privatization. It turned out that none of them had started in on this matter. To the question "Why not?" they replied: "We don't know where to begin." None of them had bothered to inquire as to whether or not their names had been entered upon the list of the savings bank for the purpose of opening a privatization account.

I fully understand that seven families hardly constitute all of Kiev, and that—on the basis of this mini-poll—one

cannot say that this represents the "entire city." Nevertheless, the following conclusion seems very obvious: The idea of privatization has not yet reached every neighborhood or every person. And here I am in full agreement with the head of the Fund for Communal Property, Arnold Nazarchuk, who said the following during a meeting with journalists:

"Too little work is being done on propagandizing privatization."

And this is indeed the case. When we turn to the Ostankino television program, it shows many times a day where to invest one's voucher and how to do it.

To my way of thinking, if we were also to have privatization documents in our hands, we could also have followed their advice quite some time ago. But we immediately started down another path, and so I must speak about what we do have. And what we have as of today is as follows.

The owner of the capital's communal property is the Kiev Council of People's Deputies. The task of privatizing this property was assigned by the Kiev Council to this city's Fund for Communal Property, which began to operate in January of 1993. It is headed up by Arnold Hryhorovich Nazarchuk. As he informed us, the city's program provides basically for privatizing facilities involved in trade, public food service and dining, everyday services, and building materials. Work has begun on privatizing not only existing enterprises, but also facilities whose construction is still unfinished.

But what specifically has already been accomplished in this city with regard to the matter of privatization? Let's take trade, for example. As of today, the property of 23 second-hand or consignment stores has already been sold, and this includes the right to lease (for terms ranging from three to five years) the spaces in which they are situated.

A decision has been taken regarding the privatization of 45 facilities (primarily dry-goods stores) by means of buyouts by companies of buyers created on the basis of the work collectives involved. An appraisal of the value of 17 such stores has already been carried out; these particular stores "pull in" some 3.9 billion karbovantsy.

Commissions on privatizing the Moskovskiy and Darnitskiy department stores, as well as the Dityachiyy svit [Children's World] Department Stores and the Yavir [Maple] Trading Firm, by means of distributing shares of stock are presently in operation.

Privatization has been started in the sector of everyday services, as well as public food services and dining.

The Dubki Restaurant, the Kievtelemontazh lease-type enterprise, and the Kievpobutmebli collective-type enterprise will be privatized by means of distributing shares.

Another five facilities are already at the stage whereby the decisions on privatization are at the stage of being drawn up in legal form.

Matters have moved off dead center in the sectors of construction and the building-materials industry.

Commissions are already in operation with regard to privatizing the following facilities by means of distributing shares of stock: the RBU-2 Pobut lease-type enterprise, the Darnitsa-1 collective-type enterprise, a lease-type repair-and-construction building-materials enterprise, the VZhRO lease-type enterprise for completing sets of production technology, and others.

Applications have been registered for privatizing the Kievrekonstruktsiya enterprises, organizations of the Kievzdrovrekonstruktsiya leaseholders, ZBV Plant leaseholders, and ATP-4 collective-type enterprise by means of distributing shares of stock.

The following competitions have been announced: for the sale of the unfinished building of the department store in the Leningradskiy Rayon on H. Yury Street, for completing the renovation of the Hotel Teatralnyy and for the exclusive right to its long-term lease.

But—as of today—only 90 of the 400 facilities which could be regarded as facilities for privatization are at one stage or another of actually being privatized. In the opinion of the head of the Fund for Communal Property, this is far too little. If we compare the pace of this work with that being done in Russia, it may be seen that we lag behind by from one to one and a half years.

Just what is to be done in order to speed up this process? The experts consider that we must abrogate as soon as possible Article 9 of the Decree issued by the Cabinet of Ministers dated 20 May 1993 and entitled "On Privatizing Entire Property Complexes of State Enterprises and Their Structural Subdivisions Which Have Been Leased." According to the latter, the consent of the leaseholders to privatization must be obtained. But when we take into account the fact that the terms of such a lease expire only after from three to five years, and that the leaseholders nowadays are in no hurry to give their consent to their enterprises being privatized, then it seems obvious that without the abrogation of the above-mentioned article this process will continue to be slowed down in the future.

Another reason for the delay in privatization is the "multiple ownership" of the facilities to be privatized. A situation has evolved whereby the owner—let's assume—of the space concerned is one person, whereas the plot of land on which it is located is owned by another person. And it often happens that these different owners cannot reach an agreement. Therefore, the solution of this problem is a high-priority item for the present-day agenda. We were told that it could be solved by the Kiev Council in cooperation with the rayon councils and with the active support of the city- and rayon-level state administrations.

The course of privatization is also being held up by the lack of legislative acts which would provide for the buying and selling of the exclusive right to utilize spaces and land plots for a certain period of time.

Discussions are now proceeding at all levels regarding the fact that our economy needs to attract and obtain foreign investments. Foreign firms have been expressing a desire to take part in acquiring our facilities, but the presently existing broker's fee—which has now risen to 55 percent—de facto excludes the economical feasibility of their participation in acquiring facilities.

The course of privatization is likewise being delayed by the fact that in the presently existing laws and directive documents no provision has been made for protecting the values received for privatizing property, from inflation, and for their ensuing, effective utilization. According to the calculations made by the experts in this field, there are almost 5 billion dollars now in the hands of our citizens. If the state could possibly find a civilized way to acquire this money into its own hands, it would be enough to stabilize the fund for introducing the hryvna as our new currency unit.

If only this problem were to be solved, the pace of privatization would be significantly accelerated. And—to the way of thinking of the head of the Fund for Communal Property—this could be completed prior to the end of 1994.

But for the time being our economy reminds us of the status of a very ill person who is lying on a table waiting for a doctor who is capable of performing the necessary operation. We have already prepared ourselves morally for this. And the doctors are already available. If only their hands could be untied!

Introduction of Ration Cards Advocated

944K0427A Kiev VECHIRNIY KYYIV in Ukrainian
9 Dec 93 p 1

[Article by Volodimir Chikalin under the rubric "How Do We Live From Now On": "The Last Step on the Road to Abyss?"]

[Text] Despite all the hardships of life, people continue to joke. On 6 December some readers stopped by our editorial offices; they interpreted the holiday fireworks in the capital of independent Ukraine on the occasion of the Armed Forces Day as a sign of an upcoming price rise. The "Black Monday" will be registered in our life as another very unpopular action of the Cabinet of Ministers, which tries to manage the process of price increases this way.

Once again they are trying to persuade us that the Cabinet of Ministers' decree of 3 December is the result of higher prices for fuel and energy.

How many times have we been assured that this is the last time prices go up? And prices just keep rising higher

and higher. And it looks like there will be no end to this process. As Deputy Minister of the Economy Viktor Kalinik told a UNIAN correspondent: "With the introduction of new "controlled" prices the rate of their increases in the coming year will slow down considerably. I want to warn people in advance: In the first quarter there will be the last fuel and energy-related price increase."

It is already hard to count how many times prices have jumped. And every time there was a delay in protecting the standard of living of the population. On 6 December, while prices for foodstuffs increased several-fold, people came to the stores with money commensurate with the "old" salary.

I talked to some of them that day.

Olena Oleksandriyna Stestenko, a teacher with 25 years of experience, said:

"I get 150,000. By today I have 25,000 left. What can I buy with it?"

My neighbor, who works at an aviation plant, is paid 180,000. Having looked at new prices, he asked in bewilderment:

"Can it be that the state values my skills as worth three kilograms of bologna?"

I talked to Lieutenant Colonel Volodimir Soloshenko, an air force squadron commander, who said this about the price increase:

"I get more than 500,000 after deductions. But I do not know how I will feed the family."

Indeed, 6 December made all us face a lot of questions. The main one among them is: Why does the state try to solve its problems primarily through price pressures on the people?

The first ones—as telephone calls testified—to feel the sting of it were the World War II veterans. To many of them the benefit of 100,000, promised by the municipal state administration on the occasion of the 50th anniversary of Kiev's liberation, was paid instead of 1 December on 6 December, when it considerably lost its value.

Neither can we view optimistically the measures that, in the mind of the government and the Supreme Council, are supposed to protect us from price rises: Those whose monthly earnings are below the poverty line—which now has risen to 197,000—will get 77,000. The size of the "bread" supplement is going up to 63,000 for workers, 44,000 for pensioners and nonworking persons, and 25,000 for students.

Pensions also have been revised. A state funeral benefit has been introduced—600,000 karbovantsy.

Comparing the level of price increases and the size of benefits intended to prop our standard of living, one can say unequivocally: The latter went down considerably. We have already reached the line where we need to ask the question about the survival of the nation.

To ask the question: How are we to live tomorrow? Many people with whom I talked on that day, see the way out in urgently introducing a system of ration cards for basic foodstuffs. This will ensure the ability to get the minimum needed to sustain life.

Those who will want to buy more may do so at market prices. In the opinion of our readers, introducing a ration card system is the step that still gives us hope to hold onto at the edge of the abyss.

MOLDOVA

Prime Minister on Economic Reform Pace
944K0435A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 18 Nov 93 pp 1-2

[Article by Andrei Sangheli: "We Are Required To Do the Main Things Ourselves"]

[Text] The government of the republic has recently been subjected to the fire of criticism from all sides. It is being blamed for real and imaginary "sins." But does it not itself have the right to explain itself to the people and inform the public as to its activity? Having asked ourselves this, we decided to give Mr. Andrei Sangheli, prime minister, the floor.

There is an interlude in politics at this time. The election campaign is right at the start. Parties are preparing their programs and accommodating themselves to the structures of power. But there is no break in the economy. It is very important to know, therefore, what the situation is here today, what has succeeded, what has not, and where additional efforts are needed.

The government sees as its main task keeping the situation in the national economy under control, moving step by step along the path of reforms, and providing for the public's requirements. Primarily in its daily bread and food.

The food complex is vitally important both for the populace and for the export possibilities of the republic. The results of the agricultural year as a whole may be seen as satisfactory. As of 1 November 2.415 million tonnes of grain (the forecast for the year as a whole is 2.6 million tonnes) had been harvested compared with the 1.7668 million tonnes in 1992. So the republic is supplied with bread up to the new harvest—from its own grain and from that which we purchase abroad (approximately 50,000 tonnes). It is planned to produce 194,000 tonnes of bakery products this year (184,000 tonnes in 1992). We would add to this that, despite all the difficulties with fuel, 440,000 hectares of winter crops have been sown this fall already.

A relatively good harvest of sugar beet, grapes, fruit, potatoes, and tobacco has been gathered in. The harvest of vegetables and sunflower was less than last year. The numbers and productiveness in animal husbandry continue to decline, unfortunately. The reason is the high cost of feed in connection with the steep increase in the price of energy supplied to the republic. In the industry of the agro-industrial complex we link our hopes for budget revenue mainly with the fruit and vegetable canning, sugar, wine making, tobacco, and perfumery-cosmetic sectors from sales in the republic and for export.

In the countryside the first stage of privatization of the land has, as we all know, already been completed: More

than 400,000 hectares, or one-fifth of the land in agricultural use, have been distributed among the peasants. More than one-third of the sovkhozes and kolkhozes have already been converted into stock companies—their employees have obtained, in addition to the land, their share of the farms' assets, and together, 50 percent of the shares of stock of the enterprises which process the agricultural raw material supplied to them. Approximately 6,000 individual peasant farms have been formed. State-owned enterprises are being actively converted into stock companies in food industry. Let us hope that the new organizational and legal forms of management in the agro-industrial complex, based on collective and personal interest, will next year even show themselves to be perfectly efficient.

The situation in the industrial sphere is ambivalent. In industry, where there has been in nine months a 7 percent increase in production compared with the same period of last year, things are better than in other sectors in the production of consumer durables. These include washing machines (an increase of 40.5 percent), freezers (19 percent), television sets (6.5 percent) and furniture (5.6 percent). Light and furniture industry are "holding up" pretty well compared with the others. Things are more difficult for plants of mechanical engineering, particularly in terms of the production of research-intensive, intricate equipment. The manufacture of instruments and means of automation has declined by a further one-third this year. Employment in industry as a whole continues to decline.

The government is adopting measures to protect industry against collapse in order to carry through as rationally as possible its structural reorganization commenced in 1993. The following have been determined as priorities, with the corresponding retooling privileges: the manufacture of radioelectronics items, devices and telecommunications facilities, medical equipment and instruments, hardware for the countryside (for the peasant farms included), and equipment for food industry. A number of entire programs, including the Conversion Program, is being realized. As of the latter half of 1993, key enterprises of industry (the Rezinskiy Cement Plant, the Agromashina, Reut, Kompleks, and others) have been allocated more than 10 billion rubles [R] in credit, 40 percent of which is long-term, for reconstruction.

The investment sphere and transport are sectors in which the crisis is being manifested more severely than elsewhere. Overall, capital investments in nine months of this year constituted approximately 60 percent of the preceding year, and the operation of motor transport, 40 percent, and railroad transport, 64.9 percent. We would note, however, new circumstances also—approximately 40 percent of the investments in 1993 were made by the nonstate sector; activity in individual housing construction continues, it accounting this year for 57 percent of the commissioning of housing.

Things are most difficult in industrial construction. The commissioning of a number of key facilities is being held up. We have altogether R45 billion worth of projects in a state of incomplete construction. The government is studying the possibility of putting a considerable number of them up for sale, with the attraction of foreign capital included. Other countries have experience in this, and we would be replenishing budget revenue in this way also.

The difficult situation in which construction and transport have found themselves has induced these sectors to take the most vigorous actions to convert state-owned enterprises into leased and stock companies. It is important that the work force's "self-rescue" initiative has received organizational and procedural support from the Ministry of Construction and Architecture and the Ministry of Transport. The experience of the work of a number of installation and motor-transport enterprises (the Indmontazh Trust, the Izotermokon Stock Company, the Interavtovtrans Stock Company, and others) has fully confirmed the efficiency of the new forms of management.

The government is adopting measures to provide the construction program with material and financial resources. The indexing of the reproduction capital of the enterprises and tax allowances for the purpose of the retooling and reconstruction of priority works should contribute to a revitalization of investment activity.

Social protection in this difficult, transitional period is viewed by the government primarily in the context of the assurance of stability in society and guarantees to the population of socioeconomic rights. For the able-bodied this means the right to economic activity, to labor and to earnings; for the disabled and the needy, to the maintenance of a sufficient living standard.

Of course, under the conditions of the decline in production, inflation, and the increase in prices, a reduction in real wages cannot be avoided. Nonetheless, the government is adopting measures to consolidate the tax and budget system and financially to underpin social protection. Consumer subsidies on bread, milk, and dairy products, and for a large part of the population, on fares, gas, and coal for heating the apartment, have been preserved. The minimum wage was recently raised, as we all know, to R10,000, and the average pension constitutes R18,000, and average wages, R36,000. This is insufficient, of course. But the complexity of the situation is that almost 60 percent of society is being "fed" from the budget currently. The production sphere, on the other hand, continues to be reduced and is having difficulty sustaining the tax burden. Simply put, we now have far more consumers than producers.

The gradual deterioration of the situation in the labor sphere is being expressed not so much in an increase in the number of persons registered as unemployed as in the rapid growth of the scale of concealed unemployment. The trouble also is that under the conditions of

depressed production, considerable numbers of employees at many enterprises of the public sector have simply lost interest in work.

In our opinion, the denationalization and privatization of enterprises with the transfer of up to 20 percent of the shares of stock to the work force should at this stage, in our opinion, be an essential factor forestalling mass unemployment. It may be objected that the work force is not the most rational proprietor, but certain costs in this solution of the question would be compensated by the preservation of jobs and a lessening of the social tension in society.

We have all become accustomed to the role of the state as general benefactor. But it is now essential that we pursue a realistic policy of attraction of people to the side of a reform of the economy. And reality is such that employees working for wages, which is what people employed in the public sector are, can hardly count on a rapid improvement in their well-being. People who are co-proprietors of enterprises (primarily on a joint-stock basis) and also those who have "opened their own business"—entrepreneurs—are another matter. Of course, this is a new and risky business, and it is within the capabilities and disposition of far from everyone. And the market is for many people as yet "without sugar."

Meanwhile, we all want to have a better life and have agreed to the transition to a market economy. But the main substance of the market economy is, after all, enterprise and the enterprising activity of society, within the framework of the law, understandably. The government recently formed the Enterprise and Small Business Support Fund, into which, aside from other resources, 30 percent of the monies of international financial assistance is being channeled.

While confirming its commitment to the chosen path of reforms, the government simultaneously advocates state regulation of the transition to the market, primarily at the macroeconomic level—the budget, taxes, intersectoral and territorial proportions, employment, scientific and technological and educational policy, and foreign economic relations.

The use of state regulation is justified if only because state property is not only still predominant (70 percent) but will remain predominant in the coming five to seven years also. The sectors and industries that are of strategic significance for the stability of the national economy and that also form its infrastructure (energy, railroad transport, communications, and others) will not be subject to privatization, as a rule.

Working out the most acceptable forms of combination of state regulation and market mechanisms, the government is conducting active consultations with the IMF, the World Bank, and organizations of the European Economic Community. Thus, the IMF has granted the republic a loan of \$31.5 million for 10 years at an annual rate of 5 percent for realization of the privatization

program of systemic conversions in the economy. It has been stipulated here that progress in realization of the program will be tracked by the Fund's experts and an advisory committee under the government.

The principal components of the program are budget policy, monetary policy, the restructuring of the economy, and the external sector. The reference points include a reduction in the monthly rate of inflation to 5 percent. The budget deficit must not exceed 6 percent of the gross domestic product, for which it is essential to reduce spending by R30 billion, including at the expense of employment in the state structures. To announce a freeze on tax exemptions and to lift the restrictions on the issue of licenses. To devise a system of the combination of measures of social protection and the full liberalization of consumer prices and so forth, up to and including an improvement in the quality of statistics.

In accepting foreign assistance (and the balance of assets and liabilities in Moldova's foreign debt will by the end of the year constitute approximately \$192 million), the government is fully aware that this is only a help and that the republic must rely on its own forces and resources. We are required to do the main things ourselves.

Moldova's inclusion in the system of world-economic relations constitutes an inalienable condition of the success of the reforms. For this reason the government is pursuing, with regard for national interests, a policy of the restoration of economic relations in the East and their stimulation in the West. The CIS countries, primarily Russia, Ukraine, Belarus, and Kazakhstan, account, as we all know, for four-fifths of Moldova's export-import transactions. In the "Western sector" of Moldova's foreign trade (if it is taken as being 100 percent), our principal partners in nine months of 1993 were Romania (35.3 percent), Germany (16.5 percent), Italy and Bulgaria (7 percent each), the United States (5 percent), and Holland and Hungary (3.5 percent each). The government decree "Liberalization of Commodity Imports and Exports in the Republic of Moldova" has been in operation since August. At the same time we consider it necessary to pursue a policy of protectionism in respect to a number of industries.

The distinctiveness of the present stage, combining in management of the economy methods of state regulation and the formation of market structures is manifested most pointedly in the sphere of the budget, credit policy, and monetary circulation.

The government recognizes that for a recovery of the financial system, it is essential first and foremost to achieve a reduction in the budget deficit. In respect to revenue, the measures consist of a strengthening of the system of taxes (taxes on real property and on land, road-transport taxes, and taxes for use of the natural environment characteristic of the market economy will be introduced). A new source of receipts are the monetary resources from the privatization auctions. A process of a reduction in spending of the republic budget and of

decentralization and relocation "downward," to the level of the territories and enterprises, has commenced simultaneously.

It would seem justified in this connection to strengthen the revenue base of the local budgets, both thanks to receipts from municipal property and on the basis of payments in full into the budgets of cities and rayons of personal income tax, the real estate tax and local taxes and dues, and also part of the land and road taxes. Only in this case will local government, about which so much is being said, acquire, finally, a real economic base. And this is fundamentally important: After all, both the population and the enterprises support their activity on a specific territory.

A principal danger of the transitional period is inflation. Competent regulation of monetary circulation is needed in order to curb it. And the interaction of the Government and the National Bank of Moldova (which is accountable, as we all know, only to parliament) is of great significance here. As the principal issuing, credit, and clearing center, our "bank of banks" should bear full responsibility for the functioning of the republic's monetary system as a whole and should not be sidetracked into individual matters.

The program of the government's activity specified, as we know, "a reform of the monetary system on the basis of the introduction of a national currency." We will take this step within the next few days. The introduction of the Moldovan lei has been supported by the IMF and the World Bank, *inter alia*, and the conditions will thereby be created for the implementation of an independent monetary policy and anti-inflation measures.

The credit policy of the commercial banks cannot, unfortunately, be called anything other than inflationary: Short-term credit, and not for production but for commercial-brokerage—simply put, speculative—transactions is predominant (more than 90 percent). How is the structural reorganization of the economy and the upgrading of technology at the enterprises to be carried out under these conditions?

The present year has been marked by the start of the real denationalization of the economy. In accordance with the official program of privatization for 1993-1994, the majority of the 1,550 state-owned enterprises due for privatization—in both town and country—are now engaged in forming stock companies—the most natural method for us of introduction to ownership. Of the 32,000 economic transactors in the republic currently, those owned by the state are already in the minority—fewer than 3,000.

In reforming property we have essentially embarked on the path of transformation of the social system. We already have the legal base for this, in the main—82 prescriptive documents (laws, edicts of the president, and decrees of parliament and the government). A State Property Fund has been formed. A number of prescriptive documents will be commissioned by edicts of the

president in the very near future. Conditions for the civilized revision (without "grab-ization") of the organizational and legal form of activity of the majority of enterprises have thereby been created.

The process of endowment of the population with public property vouchers began on 15 September. More than 1 million of them have already been issued. The first auctions for small-scale privatization properties—for vouchers and money—have been held. The budget has received from them R400 million. Housing is being privatized: Papers for the privatization of 16,000 apartments (7.1 percent of the total number of state housing apartments) have been accepted for consideration, and 6,000 apartments, including 1,500 apartments in Chisinau, have been privatized.

Not everything is, understandably, proceeding smoothly in realization of the economic reforms. Generation of the prescriptive base is proceeding more slowly than it should. Thus, we still lack a unified government-approved procedure of the conversion of state-owned enterprises into stock companies, and there are no provisions governing privatization investment funds or holding and trust companies. Yet the time has come to create them—they are needed by the public, which has acquired the vouchers.

Life, meanwhile, is pressing. Enterprises are forming stock companies at their own risk, creating joint ventures and limited-liability companies and entering into a variety of associations. People are receiving vouchers and would like to know for the stock of which enterprises they may be exchanged. A large part of the public property vouchers from the countryside is also about to come up for auction in the cities. There should be more coordination in the work of the State Property Fund and the State Privatization Department.

A legal base and the requisite stimuli for the attraction of foreign capital, technology, and specialists to our economy have not been created in full as yet. We are still offering foreign investors obviously unprofitable or unfinished enterprises. Without real guarantees, even in the immediate future of the purchase of land on an ownership basis, what is more. Yet many of our enterprises—the Rezinskiy Cement Plant, the Viorika Perfumery and Cosmetic Factory, the Chisinau and Ungeny carpet works, tanneries, plants manufacturing electric home appliances, and others—need to be additionally primed by foreign investments and technology. They themselves have already established the necessary relations with foreign countries. The government is seeking solutions in respect to each of them, but a common, legalized basis for foreign firms to become a part of our stock companies is needed.

Despite the repeated declarations, the preliminary efforts and proposals of the enterprises, firms, and territories, and the numerous trips for familiarization with overseas experience, our economic departments have over many months still not solved the question of

the creation in the republic if only of one, even small, free economic zone. Nothing is being done in the fear of a mistake being made, and the work is at a standstill.

Red tape, paper-shuffling, incompetence, and corruption have, unfortunately, become the rule in the work of many ministries and departments. Another cut in personnel in the state structures (on which, incidentally, the IMF is insisting) could once again prove ineffective. The question of changes being made to the organizational structure of control of the national economy itself, taking as the point of departure the market status of the enterprises as the subjects of management and new functions of the state organs of administration, is, evidently, urgent.

Many ministries and departments, deprived of the planning and distributive levers of control, are at this time nonetheless continuing to "lead" by inertia. Yet the state-owned enterprises are being commercialized and converted into stock companies, and the latter are by law extra-departmental. In addition, the nonstate sector is expanding and already has thousands of enterprises, although the majority pertains to "small business." The time has come, therefore, to clearly delineate the state and economic functions of control. The latter should switch to market structures—associations, concerns, and holding companies formed by the enterprises themselves on the basis of economic interests—for service of their requirements—trading and sales and foreign economic requirements, the upgrading of production and personnel training.

With this approach, leaving a limited number of central economic departments and sectoral ministries (pertaining to the agro-industrial complex, industry, the construction complex, and transport), both the state structure of administration and expenditure on maintaining it would be simplified of its own accord.

With the creation in the Republic of Moldova in 1990-1993 of the necessary legislative basis, in the main, the center of gravity of the reform of economic relations has been shifting increasingly to the enterprises and territories. The success or failure of the reforms, financial stabilization, and social well-being in the republic will be determined to a decisive extent by how far we can engage the economic interests of the various social strata of the population, the economic transactors of all forms of ownership and local government.

What would be most imprudent now, when the crisis in the economy retains force of inertia, would be to engage in endless programming, even with good intentions. Real action is more important.

The government will continue the path of a well-considered, controlled reform of the economy and the stimulation of enterprise and the social protection of the population, and we are counting on the sympathetic responsibility of the enterprises, the unions, parties and grassroots organizations, and all citizens of the republic.

Officially Registered Parties Enumerated

944K0422A Chisinau NEZAVISIMAYA MOLDOVA
 in Russian 9 Nov 93 p 1

[List of Parties and Sociopolitical Organizations Registered in the Ministry of Justice of the Republic of Moldova as of 1 November 1993, released by the Press Center of the Ministry of Justice of the Republic of Moldova]

[Text]

List Order	Name of Party or Sociopolitical Organization	Registration Date	Certificate Serial Number	Membership as of Registration Date
1.	National Youth League of Moldova	10/18/1991	1	700
2.	Agrarian Democratic Party of Moldova	11/21/1991	2	8,928
3.	Youth Union of Moldova	11/21/1991	3	11,200
4.	Association of Moldova's Former Political Prisoners and Victims of Repressions	02/19/1992	4	300
5.	Association of Moldova's Women	02/19/1992	5	10,000
6.	National-Christian Party of Moldova	03/11/1992	6	3,450
7.	"Dignity" Democratic Movement	03/11/1992	7	370
8.	Christian-Democratic Popular Front	03/11/1992	8	18,000
9.	Christian-Democratic League of Moldova's Women	03/26/1992	9	1,500
10.	The Democratic Party of Moldova	03/26/1992	10	315
11.	The Democratic-Christian Party of Moldova	03/26/1992	11	1,050
12.	The Ecological Party of Moldova "Green Alliance" (AVE)	04/09/1992	12	790*
13.	The Movement for Equality "Unity"	04/09/1992	13	340
14.	The Social-Democratic Party of Moldova	04/09/1992	14	300
15.	The Socialist Party of Moldova	08/11/1992	15	310
16.	Organization of Christian-Democratic Youth	09/02/1992	16	310
17.	The Movement of Moldovan Volunteers	12/25/1992	17	316
18.	Association of Victims of the Totalitarian Communist System of the Republic of Moldova	12/31/1992	18	413
19.	The Republican Party of Moldova	02/18/1993	19	337
20.	Organization of Radical-Democratic Youth of Moldova	03/26/1993	20	355
21.	The Democratic Labor Party of the Republic of Moldova	04/28/1993	21	367
22.	The Congress of the Intelligentsia of the Republic of Moldova	06/18/1993	22	349
23.	The People's Party of Gagauz	08/23/1993	23	304
24.	The Alliance of Free Peasants	09/10/1993	24	1,467
25.	The National-Liberal Party	09/10/1993	25	338
26.	The Party of Reform	09/28/1993	26	470

* Text modified in accordance with a correction published in NEZAVISIMAYA MOLDOVA, 13 Nov 93 p 1

Newly Founded Centrist Party Outlines Platform
944K0422B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 3 Nov 93 p 1

[Press release of the centrist party Accord and Progress]

[Text] The centrist party Accord and Progress [CPAP] has held its founding conference. The CPAP intends to defend the basic principles of a democratic society: free elections, separation of powers, human rights and the rights of minorities, freedom of speech, freedom of conscience, and a multiparty system. In the foundation of the organizational development of the state should be the principle of citizenship, not ethnic identification. The CPAP sees the historic multi-ethnicity and the multicultural composition of Moldova as a societal asset and intends to strive for its preservation and strengthening. The party intends actively to assist in a patient, nonviolent untangling of the Dniester and Gagauz problems, based on compromise and accord. It will support the development of entrepreneurship, privatization of state enterprises, and competitiveness of forms of ownership, as well as liberalization of foreign economic relations.

The party has elected its governing bodies.

[Signed] I. Trombitskiy, people's deputy of the Republic of Moldova, chairman of the CPAP Republic Council.

Conflict of Political Forces Outlined
944K0422C Moscow MOSKOVSKIYE NOVOSTI
in Russian No 47, 21 Nov 93 p A12

[Article by Yelena Shatokhina, under the "Moldova" rubric: "One Parliament For Two Banks"]

[Text] Chisinau—The October events in Russia caused a revolution of sorts in the minds of Moldovan parliament members: They did not relish the prospect of being disbanded. And such a chance did exist: The parliament's rating was swiftly falling because of its inability to pass at least one law that would be complied with. The confrontation between the parliament and President Mircea Snegur clearly resembled that in Russia.

By the middle of October, the parliament, under pressure from the president, did set a date for early elections to the parliament—27 February 1993 [as published]. The election race quickly became the dominant theme in the political life of society.

Many pin their hopes on the elections as a way out of the political and economic crisis. Its sore spots are well known: the war with the Dniester region, which proclaimed itself a separate republic; the struggle in Chisinau between the supporters of unification with Romania and supporters of strengthening Moldovan statehood; the conflict with the "Gagauz regions;" the status of Russians; a sharp jump in prices for Russian oil and gas; and inflation.

The current parliament has not been able to deal with any of these problems. Can the new one be counted on? Civic activism among the Moldovan population is extremely low. (According to the data of sociological surveys, almost 70 percent of the population do not read newspapers, do not watch television, and do not listen to the radio). Besides, the parties unabashedly steal from one another not just individual planks but entire programs that sound most "perfect."

Still, it is possible to do some ranking. Essentially, there are three parties in the republic: the Christian Democrats, Communists, and Social Democrats.

The Christian-Democratic Front (CDF)—formerly the People's Front—is going through a process of fragmentation as its popularity drops. The common feature that remains is its unionist direction—unification with Romania camouflaged by formulae such as "real independence" and "integration." In the number of its supporters, the CDF is at the top of the "unionist" list. It is trailed by its offshoots—the Congress of the Intelligentsia, the Democratic Labor Party, the Party of Reform, and the Christian-Democratic Women's League.

The second party that was split a long time ago is the Communist Party. During the time it was "banned" it basically was resurrected in the form of the Agrarian-Democratic Party and three communist offshoots. In its numeric strength, the Communist Party surpasses the CDF at its heyday. This happened due to the moderate position they took in the parliament.

The most solid-looking in this motley list is the Social-Democratic Party of Moldova (SDPM), the only party that has always taken a stand against attempts to resolve the Dniester conflict by force. It is also the only party that is ready to include residents of the self-proclaimed Dniester Moldavian Republic [PMR] into its lists for new parliament elections. And finally, it is the only party in the political spectrum that has real political links with social-democrats in Russia, Germany, Sweden, and Romania. The rest of the Moldovan parties are self-contained structures.

One cannot tell with certainty whether the social-democrats' "European face" will help them in the battle against their main opponents—the agrarians—to become Moldova's ruling party. The countryside, which by its population considerably surpasses urban areas, may again, as during the elections to the old parliament, bring into power kolkhoz chairmen and the nomenklatura.

A separate issue is whether the Left Bank will participate in the election. The political map of the Dniester area presents a no less motley picture than that of Chisinau. Tiraspol leaders have had the taste of complete power in the self-proclaimed republic and do not want to share it, that is, return to Moldova's bosom by sending deputies to the new parliament.

The second force in the Dniester area are the "centrists"—mainly directors of major enterprises, leading sectoral specialists, as well as the academic and technical intelligentsia, who understand that the Left Bank is a short-lived entity and that sooner or later it will have to join with the Right Bank. Nevertheless, in the atmosphere of nonacceptance of this idea in the Dniester region mass media, the "centrists" are careful not to proclaim this loudly.

The PMR's population, which still has not recovered from the shock caused by the storming of Bendery, are happy that prices in Tiraspol are much lower than those in Chisinau, and are not yearning to "return" under the jurisdiction of Moldova. World prices for Russian oil and gas, which are expected to go into effect on 1 January, most likely will level the prices on both banks of the Dniester, however, and then the Tiraspol leadership will lose its main trump card. It is possible that the PMR will join the election at the final stage. Then it will possible to tell that the "October Revolution" in the minds of Moldovan parliament members will have brought the two banks closer together.

Socialists Seek Alliances With Minority Groups
944K0432A Chisinau NEZAVISIMAYA MOLDOVA
in Russian 10 Nov 93 p 2

[Unattributed item marked "Our Own Information": "Socialists and Social Democrats Make Their Moves"]

[Text] The Socialist Party of Moldova is making special efforts to create an election bloc with grassroots organizations of the national minorities residing on the territory of the republic. A meeting was held on 4 November with the representatives of certain ethno-cultural organizations organized by representatives of the socialists. It was a question of the formation of an interethnic association that would subsequently operate as a united bloc with the SPM [Socialist Party of Moldova].

Representatives of several parties were invited, and a representative of the National Relations Department took part in the meeting.

Following speeches on the general theme of the participation of representatives of the national minorities in the coming elections, an organizer of the meeting plainly stated the need for the formation of a bloc of ethno-cultural organizations with the socialists, the most long-standing and dependable defenders of the interests of the national minorities, in his opinion.

In connection with the fact that this statement was not enthusiastically received among those assembled, the political scientist observed that the socialists would otherwise be forced into a most abrupt confrontation with the social democrats, not having explained the causal connection between the interests of the national minorities and interparty relations.

The term "war," which was employed in this context, dismayed those present even more. A general decision to postpone discussion of this matter indefinitely was adopted.

Social Democrats Chart Election Course

944K0432B Chisinau NEZAVISIMAYA MOLDOVA
in Russian 10 Nov 93 p 2

[Unattributed item marked "Our Own Information": "Hello, Stork!"]

[Text] A news conference of the Social Democratic Party of Moldova held the other week was this party's open claim to enterprise, not wait-and-see, campaign tactics.

This enterprise approach is expressed not only in the corresponding statement of the Coordinating Council dealing with the most painful socioeconomic aspects of the life of society and the state (which could be explained also by a desire to augment its authority among the electorate), but also in a special appeal to political colleagues and rivals, which proposes an accord on an ethical campaign framework. It is obvious that this would also correspond to the interests of the social democrats themselves, whose demonstrative good breeding could prove to be inadequate protection against possible provocations on the part of less punctilious political organizations.

In addition, the leaders of the SDPM [Social Democratic Party of Moldova] have been the first to address (and quite definitely) a number of quite "tricky" issues. Thus they have combined almost all organizations not in three or four but in two groupings (excluding themselves and several not all that notable organizations).

Thus the socialists, agrarians, and republicans have in fact been united on the basis of their nomenklatura origins. The national-unionist is another virtual bloc. The fashion for "centrism" and hopes of the political strength of independent candidates have been given skeptical evaluations.

The position of the Social Democrats in relation to industry and the work force of the major enterprises has been formulated with the utmost precision for the first time, perhaps. Following the reminder that the party chairman is a former research engineer and leader of a laboratory, and the party's organizing secretary, an engineer at a major Chisinau plant, Oazu Nantoi declared:

"Thanks for the question. It reminds me of a recent conversation with the minister of trade of Romania, who reported that 80 percent of Romanian exports are products of industrial enterprises. The problem of our republic is also, incidentally, the fact that a substantial number of the enterprises located here were under the conditions of the USSR oriented exclusively toward operation within the framework of the all-Union division of labor, and their transition to activity within the framework of a national economy requires both new

approaches and a certain restructuring. We have never lost sight of the problem of our industry, by no means the most backward, or the work force, specially since some of it is, it may be said, slowly dying, losing the best specialists, and being cut back sharply in terms of numbers.

"And I would like to say with all certainty that the Republic of Moldova can survive as a state only by having addressed the needs and problems of industry. Primarily industry based on the use of high technology capable of producing non-material-consuming products connected with electronics also. This is our fundamental position based on the actual possibilities of the national industry."

And, finally, the social democrats are the first to have released their symbol at these elections—a stylized depiction of a soaring stork.

Whether this popular bird and the so assertive start bring them success, time will tell.

Democratic Labor Party Actions Faulted

944K0432C Chisinau NEZAVISIMAYA MOLDOVA
in Russian 10 Nov 93 p 2

[Unattributed item marked "Our Own Information": "Has the Democratic Labor Party Broken the Law?"]

[Text] In our issue for 2 November, our paper published information of the MOLDOVA-PRES agency, which spoke of the creation of the Chisinau youth organization of the DPT [Democratic Labor Party]. Party leaders Dionisiy Antochel and Vladivostok Dariye announced therein that "the Democratic Labor Party has local organizations at more than 30 enterprises of Chisinau, Beltsy, Kakhul, and other cities." Following publication of the notice, our paper began to receive angry calls. Truly, in the opinion of Mariya Stog, head of the Party Registration Department of the Ministry of Justice, the formation of "locals" in industry is contrary to Article 8 of the Law on Parties and Social and Political Organizations. Mariya Stog reported that government authorities intended to look into this matter.

Spokesman Outlines Socialist Party Platform

944K0432D Chisinau NEZAVISIMAYA MOLDOVA
in Russian 10 Nov 93 p 2

[Article by V.I. Morev, people's deputy of the Republic of Moldova, member of the Socialist Party: "We Are for Socialism!"]

[Text] The Socialist Party of Moldova is a party defending the interests of wage workers, a party of social justice. Its purpose is the creation of the conditions for society's progressive development along the socialist path.

Socialists perceive a multi-structure economy as an objective factor of the present state of the level [as

published] of the productive forces and relations among people. But we advocate the predominant role of public property in state and associated collective form. Only with this attitude toward property can society in reality realize the rights of the individual to labor, shelter, education, health care, and other social safeguards, ensuring for each person equality throughout his life. Because then and only then is national income redistributed in the interests of the working people, who created it. A strong state sector of the economy is essential also for the formation of commodity-producer private property.

With private property, on the other hand, national income is redistributed in favor of its owners. And the holder of one or two shares of stock counts only as a proprietor, the true owners being the clans of billionaires. It is no secret that a few "civilized" countries prosper thanks to nonequivalent economic relations with the developing countries, in which four-fifths of the world's population lives.

We need these truths, simple and known to all, today to comprehend the numerous parties' gala election programs. It is the attitude toward property that reveals the true esse ice of any political organization. And everyone knows what has resulted from the elimination of public property, and how this has been reflected in the working people's living conditions. The destruction of the public sector and, primarily, industry is leading to the collapse of the agro-industrial complex also.

For an absolute majority of the populace, the intolerable difficulties of existence were created deliberately to suppress the will and force each person to resolve on his own the problem of the physical survival of his family and to ensure that desperation and fear inevitably lead the masses to a single desire: Let there be dictatorship, let there be capitalism, as long as there is some kind of order. And then at the elections people themselves will vote for a change of social and political system....

....A referendum on the political independence of the Republic of Moldova and its entry into the CIS and the economic union should be conducted on the day of elections to the new parliament. The people themselves must determine their future, not entrust it to small and as yet unknown parties. Parliament is required to carry out the wishes of the people, not impose on them what is alien and unpredictable, which the present powers that be are attempting to do. The delay in the solution of these problems has already destroyed considerable economic potential of the republic. Continuation of the policy of Moldova's self-isolation will inevitably lead to a loss of its independence.

Many political forces have called themselves "democratic" and social democrats, even. Who are they, in fact?

The avowed position of the Socialist Party, advocating public ownership, the power of the people, and the

possibility of a referendum indicates what is most important: This is a party of the working people.

The Socialist Party of Moldova came to be formed at the end of 1991, when the Communist Party of Moldova was banned. It was joined by those who preferred assertive lawful actions in the interests of the working people to a passive wait-and-see position. The SPM [Socialist Party of Moldova] was formed by communists and formerly nonparty people in order that they might together struggle for the embodiment in reality of the ideas of scientific socialism based on a dialectical approach to Marxism-Leninism and the ideas of outstanding thinkers of the Moldovan nation and mankind. For socialism is an objective regularity in contemporary civilization's progressive development.

Social Democrats Propose Pre-Election Stabilization Measures

944K0432E Chisinau NEZAVISIMAYA MOLDOVA
in Russian 10 Nov 93 p 2

[Statement of Social Democratic Party of Moldova National Coordinating Council: "Measures To Stabilize the Social Atmosphere in the Election Campaign Period"]

[Text] The socioeconomic situation in Moldova continues to deteriorate. The government is losing control of the economy; the crisis, the energy crisis included, is intensifying; and the decline in production is not being halted. The process of national privatization for vouchers is impermissibly behind schedule. Tax and credit policy is stifling all legitimate initiatives. Corruption is flourishing, and the economy is being mafia-ized at full speed. Foreign debt is growing, and the loans obtained by the country are being fecklessly eroded.

Against this background, society is becoming rapidly impoverished. Entire social groups are finding themselves below the poverty line, and unemployment is growing. Particular anger is being aroused by the calamitous position of retirees—the vast majority of them lacks even the minimum necessary for survival. The unions' calls for the adoption of measures that might if only somehow protect the social interests of the working people remain unanswered on the part of the government.

People are tired of the political altercations and demagogic. Behind the fruitless wrangling between the notorious "democrats" and the so-called "majority" there is a mutual desire to avoid responsibility for the collapse and chaos in the country on the eve of the elections.

The Social Democratic Party of Moldova proposes for a stabilization of the socioeconomic situation and a lessening of the political tension the adoption for the period up to the election of a new parliament of a number of measures of an emergency nature:

1. In the absence of a clear-cut anti-inflation program of the government and the National Bank, to establish the cost of the minimum consumer basket based on the proposals of the Independent Trade Union Federation and to index it consistently, depending on the rate of inflation.
2. To establish for the needy strata of the populace (primarily retirees, large families, and students) targeted special cash compensation for the purchase of basic foodstuffs and also compensation for public utilities and domestic electric power consumption.
3. To implement a set of measures of a tax and legal nature stimulating the development of all forms of agriculture (private-plot and private and collective farms) depending on local conditions, the peasants' wishes, and economic expediency. To resolutely combat violations of the provisions of the Land Code in the center and locally.
4. To render all types of legitimate enterprise priority support via the liberalization of foreign economic legislation and the establishment of taxes stimulating investments of capital in the national economy and removing the practice of soft loans for enterprises from the state budget.
5. To guarantee the legal protection of all forms of property, private, primarily, and to remove the artificial barriers in the way of the reorganization of state-owned and leased enterprises into stock companies with mixed (state and private) capital.
6. To defer certification of knowledge of the official language for a period following the parliamentary elections to avoid a new outburst of interethnic confrontation.

The Social Democratic Party of Moldova believes also that the introduction of a new currency with a reduced quotation relative to the current ruble-coupon would bring about an abrupt increase in the cost of commodities and lead to the further impoverishment of broad strata of society. The transition to a national currency under conditions where the privatization process is in the initial phase and where an official policy for a resolution of the Dniester and Gagauz crises is lacking would have truly catastrophic consequences. They would be a burden on the whole people of the Republic of Moldova, creating insoluble problems for a future government, regardless of which political force forms it.

The Social Democrats warn that a failure to adopt urgent measures in respect to these matters could bring about social cataclysms in Moldova and, consequently, mass protest actions, which would conclusively undermine the people's already weak confidence in the elections of the future parliament.

Moldova would run the risk of approaching 27 February 1994 utterly exhausted socially and morally, reducing its citizens to conclusive political apathy.

30 October 1993, Chisinau.

ESTONIA

Prime Minister Laar Targets Crime as Major Issue for '94

944K0342A *Tallinn PAEVALEHT* in Estonian
17 Nov 93 p 1

[Article by Marek Dreving: "Mart Laar: A Ruthless War on Crime Has Started"]

[Text] The battle against crime is the most fundamental task facing the government, testified Prime Minister Mart Laar at yesterday's press conference. A police investigation directed against terrorist activity is under the personal control of the Prime Minister. All materials from the investigation of the bomb blast that occurred in front of the Kadrioru police department are being turned over to the Prime Minister.

As is known, an explosion occurred the evening of November 14th in Tallinn in front of the Kadrioru police department, which injured 2 policemen and demolished 3 police patrol cars. On 28 October, a bomb exploded at 10:25 pm in front of the same police department, which destroyed 2 police cars.

"The explosions demonstrate that the Estonian police have started to feel open to attack. Earlier there wasn't any thought of bombing the police, but now evidently the need to intimidate the police has arisen," explained Laar.

The fight against crime is one of the most important tasks for 1994, assured the prime minister. "It's reason to believe that a merciless war with criminals has started," noted Laar. The prime minister assured that the state would provide for its police officers, who had suffered injuries in the attacks against the police. In the words of the prime minister, the families of these police officers would be cared for as well.

An allotment of Israeli purchased arms will go towards replacing police weapons.

5000-10,000 kroon are being offered for cooperation in the capture of the perpetrators.

"In connection with the bomb explosions of the Kadrioru police department building, Tallinn Police Commissioner is doing all that is possible in finding those responsible for this crime and restoring law and security in the city," a representative from the Tallinn Police Commissioner's Press Department told the ETA.

The Tallinn criminal investigation department is currently checking on several possible theories in a joint effort with representatives of the Defense Police. In their operation, the Commissioner's criminal investigators have discovered 8 kilograms illegally held explosives, weapons and detonators. Twelve people have been arrested. Their involvement with the bombing is being verified.

Tallinn police commissioner Ralf Palo added, that considering the extraordinary occurrence, a 5000-10,000 kroon reward is being offered to anyone who can inform the police of crucially important facts in one's possession which can aid in the investigation of the explosions. Anonymity is guaranteed.

Commission Begins Work on KGB Archives

944K0342B *Tallinn RAHVA HAAL* in Estonian
16 Nov 93 p 3

[Article by Allan Teras: "Close to 40,000 KGB Files Have Disappeared Thus Far"]

[Text] Yesterday the first report of the temporary commission formed to investigate the activities in Estonia of the Soviet Union's KGB and other state-security and espionage agencies were distributed to members of the Riigikogu. Likewise, the archive materials of the interior ministry and security committee were given to journalists for a temporary time.

In the report, which the many-membered commission compiled, there is an overview of the KGB archives remaining in Estonia. Thanks to the intervention of the commission, the larger part of the materials has already been given over to the State Archives and a large number of them examined.

Thus, the KGB-commission leaders have guaranteed that their work will continue smoothly in spite of the political attitudes differing from the norm. "We are of the opinion that we are dealing with questions important to the state and we are trying to overcome the special interests of party politics," it was noted at the press conference.

Commission vice-chairman Arvo Junti said that during the past couple of years we have unfortunately been the target of KGB agents' search and exposure. Similar to the states of eastern Europe, this was supposed to create stresses in society and was supposed to tear it apart, Junti thought. "If this continues to go on unregulated for a long period of time, then society will remain divided for a long time."

Enn Tarto, the commission chairman, said that for some time the commission had a lot of trouble with obtaining a work room and computers, as well as with salaries of personnel. Now things are resolved and in addition to a secretary, there is salary for two advisors. "Now the most practical work in Estonia must be done, consisting of the compilation of the information located in archives here concerning the activities of the Soviet Union and other state-security and espionage agencies, as well as other material, and the organization of its summary. At the same time we are also working out a draft of a bill, where the procedure for use of this material is established," noted Tarto. "The commission has information, that in Estonia there is other material relevant to this business that has not yet been taken into account. Officials and all

other people with good will must take care of it, so that even more material doesn't get lost."

It is noted in the report that KGB account number 136 should contain 86,7986 items, according to the current numbering system. The KGB Archive Transfer and Acceptance Commission Act of 20 December 1991 verifies nearly the same number, where the numeration of the specially controlled files specifies 1-87,000. However, now there are only 48,486 items in storage. In a cross-check of controls, the files concern many Estonian public and cultural figures.

Account number 136 held the files compiled on people who operated some of the non-socialist states. Evidently the KGB's 10th Directorate took the forms, with the aim of their control being to prevent any chance of the files of these known figures from going overseas.

How was the loss of these files possible? Tarto thought that the political police should work on this question. The commission has already heard prior reports about this as well. Some time ago the political police began an investigation into the question of the crimes, but at the time of its operation it was said to be stopped. One reason given is that the documents known to have been taken out were already destroyed during the time of KGB activity—due to being out of date.

In all likelihood however the investigation is to continue, hoped Tarto. He also said that the political police had not given to the commission a list of the people whose files are definitely lost. If this list were to be sent, then analysis of it could begin.

Actually, the disappearance of the files is nothing unusual. At the beginning of July, when the commission took over, renovations were going on in the buildings of the former security committee. "So practically anyone on Baker Street had access to the documents which were being stored in the cellar," said Tarto.

The greater part of the KGB archives have already been carried to branches of the State archives and taken into account there. Enn Tarto hopes that no other files will be lost there. In addition, to help with the joint effort between the KGB Commission and the State archives, a temporary site for the archive materials of the interior ministry and security committee must be worked out.

Economics Minister Sildmae Assesses Nine Months Achievement

*944K0342C Tallinn RAHVA HAAL in Estonian
10 Nov 93 p 2*

[Interview with Toomas Sildmae, Estonian Economics Minister, by Marko Kadnik: "The Economy is Inevitably Connected With Politics"]

[Text] Economics Minister Toomas Sildmae has been in office just nine months. This is too short a time in which to see any principle fruits of change. A sufficiently longer

time is necessary in order to change the processes of development towards another path...

[RAHVA HAAL] What has the Minister himself accomplished as a sign of change, first and foremost?

[Sildmae] In general, there isn't any one thing completed, as I came to the ministry to create a new and modernized structure. We completed this work in the spring. The ministry is basically reformed and a new, young team is working within it. The greatest change was the creation of a commerce department. It is concerned with some 350 state business administrations, correcting forms of ownership and the commercial overstructure. The department is headed by vice-chancellor Taimo Ruben.

As for the essentials, we have been considering the current thinking, rooted in the state apparatus—the leadership didn't send down from above any blueprints for its development, only the environment of creation and regulation, which in the beginning, only enterprising people and those in power could implement.

We were able to oppose several lawsuits to artificially prop up enterprises which were essentially bankrupt. At the same time, bankruptcy was not allowed to be the goal in itself in any case. Each time we conducted a thorough investigation before making any decision. Often we used the help of outside experts for this purpose as well (for example, in Kreenholm).

So in some respects the ministry has been making clear to the director of a state enterprise that he is not the owner of the enterprise, but after all, the state is.

A large and essential piece of work is the preparations for an enterprise to become private (to cite as an example one could note "Baltijetsit", "Silmetit" and "Kiviten"). Concerning privatization, we have been considering of primary importance both its speed and its appropriateness. For each enterprise an individual solution must be found which has the ability to compete, the workplace and investments behind it. We have been attempting to use different forms of privatization, which the law allows—for example, in the case of the "Salvo" employment problems it was practical to change the collective enterprise.

[RAHVA HAAL] On the basis of what has appeared in the press most recently, one could think that the Economics Ministry has been achieving known success in the balancing of economic life. During the last few weeks however, problems with several ministries have been disclosed. In truth, it seems to us to have a more political rather than economic undertone.

[Sildmae] The economy is unavoidably connected with politics. For example, immediately before the elections, the opposition (E.Savisaar, U. Parnits) brought forth a draft to foster domestic enterprises. However in the opinion of our ministry officials and the press, this was

intended more as election propaganda than as an achievement of economically based goals.

The difference of opinions with the "Isamaa" politicians has been more tactical than strategic. Although I often understand their aims, I have invariably considered it essential that my own decisions be legally and meticulously written. It is shooting oneself in the foot to go to court to be essentially correct instead of achieving the goal.

It amazes me how some politicians protest a matter after the fact, when they themselves were present during the deliberations and decision-making. They can debate, for example, the privatization of an enterprise through the formation of a cooperative, but the gentlemen of the Riigikogu might have broached this subject already before or immediately after the acceptance of a concrete decision.

The difference of opinions with a few politicians had already raised some questions earlier. The "Liviko" case, in my estimation, was only a pretext for exacerbating relations. I see a fault here in the Economics Ministry, in that we have not been continually informing the parliament coalition what has been done and why one or another thing has been done just so. We have been placing fundamental emphasis on getting down to work, not on the discussion of our own progress. Suspicions are simple to arise when the progress of things isn't known-- and even then when any progress is positive. We discussed this theme with the prime minister as well. He is making a proposal to the government coalition to begin with the economics ministry and the ministry's key people to discuss things with one another more closely.

[RAHVA HAAL] One of the sources in the conflict of opinions has been the implementation of the state's controlling role.

[Sildmae] I don't have anything against it myself, that parliament members participate in some activities of the administrative council, which is very important to the state, but a Riigikogu member is still a legislator, but not a leader of an actual enterprise. I see them first and foremost as collectors and analysts of information, on the basis of which they are able to make essential generalizations for the state. I must say out of my esteem for the assembly's politicians, that as a rule, earlier they weren't occupied with the economic activities of concrete enterprises. Certainly their work in the administrative councils has been of benefit to the state, but the mixing of legislative and executive powers, at least in modern-day Estonia, leads to unavoidable conflicts in which both the enterprises and the politicians belonging to their administrative councils suffer. This currently exists in the ministry, in whose jurisdiction the enterprise falls under, but there is still a kind of connecting link which is not subordinate to the ministry. Yet the ministry must oppose the state when in front of the owner. The mechanisms of responsibility and judgment

in the chain of state - ministry - administrative council - director should be more precisely defined.

Yet it appears to me, that everyone doesn't quite exactly understand, in what sort of arenas the state enterprises must operate. Their situation, in comparison with the current enterprises in private hands, is worse for many reasons. They may not freely use their own assets nor are they able, for the same reason, to obtain a loan necessary for development. If the state wants to be a good owner, it can't cut off initiative from its own enterprises—as well as the competency to make decisions, prohibiting it, for example, from selling its own resources. The decline of an enterprise is already internally programmed with this. If one suspects all state enterprise leaders of self-interest and officials of corruption, it isn't possible to move on, with the state enterprises going unavoidably to the bottom and soon we won't really have anything more to privatize.

Looking at the past, I quite understand the reasons for this distrust. It's clear, that the state with its assets must very specifically keep track of transactions made, in order to avoid the least possibility of elimination.

[RAHVA HAAL] One reason for distrust is that you were named to the Taxpayers Association.

[Sildmae] The Taxpayers' Association, which includes many known figures in banking, economics, and others among its members, is an apolitical society, which doesn't have any common economic interests. It consists of very different people, whose goal of getting together is to analyze the development occurring in Estonia. At the same time, we must bear in mind that a democratic state with an open economy must develop in Estonia. A common goal of our heterogeneous society is to help in the formation of an environment favorable to enterprise in Estonia. This is the sole common interest of the Taxpayers' Association as a "collective". So like the government, the Taxpayers' Association also wants to bring Estonia to an open economy.

One association goal is to be a source of information through our own analyses and to be a support for the government. Association members have belonged as well to the "Isamaa"—faction leaders Indrek Kaunik, Heiki Kranich and others have asserted their own opinions and had debates. I believe that their discussions and debates under way have crystallized a number of positions.

The Taxpayers' Association has never appeared with a public program, which would require one or more concrete steps from the government or parliament. Certainly, though we display with our own everyday activities how the present conditions of the economy react. As an association, it could constitute a so-called economic pressure group, and would be relatively harmless, because the activities of its members is for everyone to know and see and therefore the strongest of the strong—the public—is in control. It must be quite feared when a

groups' own existence isn't made public, but nevertheless does exist. What kind of politician or political power stands behind this kind of group, which the general public doesn't know about?

[RAHVA HAAL] So can you guarantee, that your 12 Taxpayers' friends aren't in any way privileged, thanks to the fact that their association colleague is the minister?

[Sildmae] It is ruled out. By the way, this accusation has been made anonymously and those who have said it themselves haven't found any basis for it. I would regard this opinion as badly informed or as a propaganda ploy of malicious people, with whose help one would try to create an enemy figure.

Furthermore, it appears to me that the whole avalanche of accusations raised recently are no longer directly aimed against me. Rather this is connected with the internal power struggle in the "Isamaa" party, whose aim is to change the government.

[RAHVA HAAL] How would you comment on the stories which have started to spread in the preceding weeks about your voluntary resignation from the Economics Ministry?

[Sildmae] Indeed, on Thursday I put forth on my own my position on this hypothetical idea in the cabinet session and I asked any coalition party not belonging to the ministry, whether my leaving would be a positive influence in the internal strife, which the press has emphasized, as a resolution in the government, or saying more precisely, in the government coalition. The prime minister and the government coalition can decide my leaving or my remaining in office, and in doing so, can thus forget about me. My followers and I have no interest in remaining in a ministry post or in state office, but only in contributing to the development of the Estonian economy. On top of the intense work in the government there isn't time to be dealing with the blows of internal politics. This creates stress, to which I can attest.

Minister of Interior Lagle Parek Resigns

Resignation Unrelated To Kommer Case

944K038&4 Tallinn RAHVA HAAL in Estonian
29 Nov 93 p 1

[Article by Andrus Kuusmann: "Interior Minister Left Post"]

[Text]

President Lennart Meri, with his resolution dated November 27, relieved Lagle Parek from her duties as minister of the interior. Until a new minister is appointed, Prime Minister Mart Laar will be acting as minister of

the interior. In her statement, Parek attributed her resignation to a situation where the minister's efforts were not effective enough, and many of her orders were not carried out.

The resignation of the interior minister had been anticipated for some time. Parek had been criticized by former fellow members of the party, and public opinion polls showed her popularity declining. Replacing the interior minister has also been discussed within the coalition. Despite all that, Sunday's announcement was, to some extent, unexpected.

On the day the resignation was submitted, Parek acted every bit a minister at the ERSP [Estonian National Independence Party] general assembly, spoke of her plans for the future, and made no reference to her intentions of leaving her present job.

In the meantime, Prime Minister Mart Laar said at yesterday's press conference that Parek's leaving had already been discussed candidly in the early part of the week. The second round of discussions took place when the resignation was submitted. Viktor Niitsoo, leader of the ERSP faction in the parliament, told ETA that both the faction and the party leadership were aware of the minister's intentions. The prime minister categorically denied that the resignation of the interior minister was in any way connected to the clash between the police and the 'Jaeger' volunteers that took place toward the end of last week. "This was strictly a coincidence," he said.

The statement made by the prime minister yesterday praises Parek for the work done. "Estonia's police and border guard have made significant strides during Lagle Parek's term as minister. Unfortunately, over the same period, there has been an increase in crime," Laar thinks.

The prime minister, now also acting as minister of the interior, said that no major changes were planned at the ministry for now, and that these will be left up to the new minister to make. "It should also be emphasized that any violence against the police, or by the police, will not be tolerated. The motives and perpetrators of the recent incidents will be determined in a manner prescribed by law. All guilty parties will be prosecuted, regardless of the positions they hold," the prime minister said in his statement.

Laar Facing a Difficult Week

Finding a new minister of the interior may prove to be quite a difficult task for the prime minister. Laar announced that he has already turned to ERSP who, according to the coalition agreement, is entitled to fill this ministerial post. "Once ERSP makes its proposal, it will be discussed by the coalition," he added, hoping that the new interior minister can be on the job as early as next week. It cannot be ruled out, however, that applicants for the post also include several politicians who have since left the ERSP faction, leaving the prime minister to face a dilemma—to either play to the 'old guard' of the ERSP, or lose necessary votes in Riigikogu?

This is why one should also not overlook the possibility of picking a man or a woman from a group of specialists in their own fields, thus coming up with an interior minister who does not belong to any of the factions.

Commenting on the much-touted 'overhaul of the government' the prime minister refrained from saying which of the ministers would be the next to leave, saying only: "This is within the jurisdiction of the Coalition Council." It is common knowledge that the Isamaa [Fatherland] faction has insisted that Toomas Sildmäe be relieved from his position as economic minister. The coalition has also levelled criticism against the ministers of finance and agriculture. Prime Minister Laar added further: "There will be no more cases of one or two ministers being replaced, no more one-time changes. Future adjustments, if any, would represent changes in principle, for the purpose of strengthening the forces of government."

Laar Orders Complete Investigation of Kommer Case

944K0388B Tallinn RAHVA HAAL in Estonian
29 Nov 93 p 1

[Article by Andrus Kuusmann: "Mart Laar: 'Investigation To Be Completed'"]

[Text]

Prime Minister Mart Laar said yesterday that the investigation of last Friday's incident in Tallinn, where shooting broke out when the former chief of the 'Jäger' voluntary infantry company was apprehended and two policemen wounded, "would be completed, and all persons found guilty will be punished."

Mart Laar, currently acting as interior minister, added that the investigation is handled by the staff of the prosecutor's office, under his supervision, and will proceed as openly as possible. In his yesterday's statement on the resignation of Interior Minister Lagle Parek Laar said: "It should be emphasized that violence against the police, or by the police, will not be tolerated. The motives for and perpetrators of these recent incidents will be determined in a manner prescribed by law. All guilty parties will be prosecuted regardless of their positions."

Asso Kommer Was Wanted for Questioning in the Disappearance of a Businessman in Tallinn

Ain Seppik, director of police department's central bureau of investigation, said in his presentation on 'Kuku' radio Saturday that the police wanted to question Kommer about the disappearance of a businessman in Tallinn. Seppik added that since Kommer refused to come to the investigating authorities, a warrant was issued to apprehend him, which was to be executed by the criminal police.

In the evening of September 4, three men wearing camouflage uniforms of Kaiseliit [Defense League],

demanded to see the documents of a businessman. After the man complied, he was asked to go with the uniformed men. His wife and daughter saw him enter the red VAZ-21099 passenger car voluntarily. After that, the man disappeared without a trace. Seppik said that the disappeared businessman's wife had identified Kommer as one of the three men who took away her husband.

Seppik added that there are reasons to link the red VAZ-21099 with several other suspicious episodes, but did not elaborate.

"These incidents have nothing to do with last summer's Pullapää crisis," Seppik commented on what happened Friday.

Kommer: "No Physical Abuse After the Arrest"

Yesterday, at the police station, Kommer told the media that physical violence was used on him only at the time of arrest and that, after that, he was treated quite politely, according to ETA.

"At the moment of arrest, we said right away that we will not be using weapons, and we were down on the ground, ready to crawl out, one by one. After that we were walked all over, as the saying goes, and then the physical abuse was discontinued," said the man with the swollen face, bleeding under his left eye.

The 'Jäger' unit of Läänemaa district's Kaiseliit based in Pullapää has been put on higher level of combat alert, just in case, said the unit's chief Riho Utegi. According to him, everything is quiet at Pullapää right now. Commenting on the police operations that took place last week, Utegi told BNS that these make him very nervous. Johannes Kert, commander of Kaiseliit, was also at Pullapää on Saturday.

Defense Minister Luik Explains Israeli Weapons Purchase

944K0387A Tartu POSTIMEES in Estonian
23 Nov 93 p 1

[Article by Hannes Rumm: "Defense Minister Jüri Luik Explained the Good Features of Israeli Weapons to Toomas Alatalu"]

[Text]

Defense Minister Jüri Luik spent an hour and a half at yesterday's press briefing explaining the weapons purchase from Israel and the features of the weapons acquired, as he answered questions posed by Toomas Alatalu. Luik attempted to counter the criticism coming from the opposition and centered on the shortcomings of the \$60 million instalment purchase, and the unsuitability of these weapons and ammunition needed for them.

Luik emphasized that, at the time the agreement was made, none of the states wanted to sell weapons to Estonia. The exceptions were the Republic of South Africa, China and Romania. Estonia did not want to

purchase weapons from the Republic of South Africa because of several international agreements. China and Romania demanded prompt payment of the entire purchase price, thus enabling Estonia to buy only a small amount of weapons.

Luik said that weapons dealers from China are not very reliable partners, as many countries have had difficulties receiving the weapons purchased. Weapons produced in China are based on stolen patents, Luik said, which makes transporting them very expensive, as none of the other states will allow these weapons to be routed through its territory.

Purchase Price Was Assessed By Experts

Countering complaints about the price of weapons being too high and unfavorable to Estonia, Luik explained that, in the weapons trade, prices are based on several factors. These include the cost of transportation, the novelty of the weapons, the volume of the purchase, and the complexities of getting spare parts and auxiliary equipment. Assessments made by experts at the defense ministry showed that the price of Estonia's total weapons' purchase does not exceed international norms, Luik said. He did emphasize, however, that prices of weapons are difficult to compare, as they are configured to include all the factors.

Luik also reiterated that preparations for the weapons purchase started in July of 1992, during the term of Tiit Vähi's government. Several documents had been prepared over the signature of Toomas Puura, a staff member of the defense ministry at the time, dealing with a possible purchase of weapons from Israel, and authorizing Leonid Apanansi, Estonia's trade representative in Israel, to hold negotiations for that purpose, Luik said.

Jüri Luik: The Purchase Was No Scrap Metal

Countering allegations made by Peeter Lorents that some of the weapons purchased from Israel were little more than scrap metal, Luik maintained that all weapons were well worth their price. Four independent international experts concurred that, in some categories, Estonia could have purchased weapons with better combat features, but the acquisition as a whole was rated favorable by all of the experts, Luik reiterated.

According to international standards, the weapons purchased from Israel have been tested in the 40-degree heat of Africa, and in the 40-degree cold of Norway, Luik said. According to him, Norway has also bought weapons from Israel. Unfortunately, Luik could not tell Alatalu in which countries the weapons had been tested at 20 degrees of heat and cold.

In response to allegations that the weapons purchased by the government do not meet NATO standards, Luik explained that these standards are determined primarily by the ammunition. Luik said that the calibers of UZI and Galil automatic weapons and machine guns purchased conform to NATO standards. "In NATO, different systems of standards are used," Luik explained, adding that the ammunition used in weapons purchased by Estonia is also used by the NATO countries. The ammunition used in Israeli weapons is produced in NATO countries, but also in China, said Luik in response to accusations that buying additional ammunition would cost Estonia too much. Luik also toppled the notion that Estonia, because of its dependence on Israel, could not get prompt delivery on additional ammunition.

Luik also had to console Peeter Lorents, who worried about setbacks in the training of Estonian soldiers, caused by the high cost of ammunition. Luik said that ammunition could be bought from different states, Israel among them, where, to his knowledge, it is relatively cheap, by international standards. On the other hand, several Estonian enterprises are also getting ready to produce ammunition. "The defense ministry is supporting these enterprises as much as it can," Luik said. He also said that all weapons purchased from Israel come with a guarantee for a year, during which the manufacturer will fix any malfunction without charge. The weapons are assembled the same way they are issued to Israeli army units, they come with spare parts and the necessary auxiliary equipment.

Weapons Purchase and Estonia's International Relations

"The weapons purchase has no doubt influenced relations between Estonia and Russia," Luik admitted. "Russia could have had the impression that Estonia is in international isolation politically and cannot purchase weapons anywhere. The weapons purchase has, no doubt, a good effect on negotiations with Russia, since strength always makes a good argument in negotiations," said Luik who heads the Estonian delegation for the negotiations.

Toomas Alatalu recalled that defense ministers of the Nordic countries, in their joint statement this spring, had recommended that Estonia, instead of buying weapons, use the money for furthering education and culture. "I can state with certainty that no Nordic country would have sold then, or will sell now, any weapons to Estonia," Luik said. "Instead, they are supplying our defense forces with non-lethal technology from mattresses to trucks. This is also vital," Luik said.

Bank of Estonia To Be Restructured

944K0387B Tallinn *ARIPAEV* in Estonian
No 135, 29 Nov 93 p 4

[Article by Margus Mets: "Bank of Estonia's Work To Be Reorganized"]

[Text]

The Bank of Estonia council adopted a new charter reforming the internal structure and operations of the bank, because many of the procedures stipulated by the old charter are now regulated by the Bank of Estonia Law passed by Riigikogu [Estonia's parliament] this summer, said Uno Meriste, chairman of the bank's council.

According to the new charter, two committees will be formed for preparing resolutions on major banking policies to be passed by Bank of Estonia [EP]: The finance committee and the bank review committee. The finance committee, chaired by the bank's president, analyzes changes in the EP balance, prepares resolutions on monetary policy, reviews all proposals on extending credit to banks, and discusses other financial issues.

The review committee, chaired by the bank's vice president, analyzes the banking situation in general, and that of individual banks in particular; prepares resolutions on issuing, suspending and revoking banking licenses; and on applying regulations and sanctions to banks, as well as other issues dealing with banking activity. According to the charter, other committees can be formed, as needed, with their functions, jurisdiction and work organization determined by the president of the bank. Resolutions of these committees are intended to serve as recommendations to the bank's president and leadership.

EP Assets Valued at 100 Million

The assets of Bank of Estonia are valued at 100 million kroons. Raising the value of these assets requires a resolution to be passed by Riigikogu. The proceeds bringing the assets up to that value come from the annual profit of Bank of Estonia, with at least 25 percent of it allocated for that purpose in accordance with Riigikogu's resolution, and other proceeds at the discretion of Riigikogu.

The reserve capital of Bank of Estonia is increased to the point where it equals the assets. It is made up of at least 25 percent of the annual profit, and of designated proceeds and gifts to the bank. In addition to that, the charter also stipulates the designated capital and funds: consisting of a supplementary reserve to protect against possible losses from investing the funds backing the Estonian kroon; a regulation fund to regulate and stabilize the money in circulation; a general reserve fund to offset interest and exchange rate changes for protection against loan losses; a reevaluation reserve fund to offset changes due to reevaluation of the bank's assets and long-term investments; and other designated capital and funds, subject to regulation by the council of Bank of Estonia.

EP Budget and Financial Transactions

The financial operations of the Bank of Estonia are based on the budget submitted to the bank's council by the president of the bank by December 1. Entered under proceeds will be interest, ownership and other income that is not in conflict with the charter or the Bank of Estonia Law. Under disbursements are costs incurred for interest payments, personnel, acquisition and maintenance of assets, administrative and emitting expenses, the cost of setting up loan and currency risk reserves, or any other expenses not in conflict with the Bank of Estonia Law.

Transactions dealing with gold and foreign currency reserves owned by Bank of Estonia will be carried out in accordance with regulations approved by the bank's president, and must guarantee preserving the value, continued liquidity and maximized earnings. For its gold and foreign currency reserves, Bank of Estonia uses financial institutions that have an international reputation for trust, and whose rates are within the limits of risk for any given transaction.

Internal Audit Created at the Bank

The EP charter stipulates the creation of a new institution—the internal audit of the bank. At the suggestion of the president, the bank's council will appoint three internal auditors, one of whom will be in charge of conducting the audit. The task of the auditors is to monitor all the internal operations of the bank on a regular basis. Special attention will be given to making the bank's operations conform to the constitution, the Bank of Estonia Law, other laws regulating financial, credit and banking policies, and the charter of the bank. Auditors will also review the economic feasibility of the operations, their effectiveness, and their compatibility with the goals of Estonia's national economy, technical procedures and enhancements, and employee morale. The internal audit gathers all kinds of information that is critical of Bank of Estonia and banking in general. A copy of all complaints received by the bank will be forwarded to internal audit. This creates a center that has a complete picture of how the Bank of Estonia is perceived, Meriste said.

According to the new charter, persons staffing the Bank of Estonia must be Estonian citizens. Persons who are not citizens of Estonia can enter into contractual agreements with the bank for a specified term. The salaries of the bank president, vice presidents, inspectors, the head auditor and the head accountant will be determined by the bank's president within the budgetary limits set for staffing. For its salaries, the Bank of Estonia proceeds from salary levels established by other banks and government offices, and from the qualifications of its employees.

Purchasing Power Continues to Erode

944K0347A Tallinn KAUBALEHT in Estonian
No 45, 19-26 Nov 93 p 2 (Business Section)

[Article by Tina Annus & Arvo Kuido: "Purchasing Power Continues to Erode"]

[Text] A basic economic indicator and one particular to the labor market is wage dynamics, yet in addition to the average salaries, detailed information is needed on different branches of the economy, enterprises, occupations, categories of employees, and so forth concerning earnings. This information provides an overview of the competitive labor market, potential manpower, and wage mobility in the near future.

This would be a good yardstick for both employers and employees in the shaping of labor policies and in labor negotiations.

EMOR's current year wage studies are rather representative: in the 1st quarter, the number of wage earners questioned in a household survey was 1715 people, in the 2nd quarter, 2346 people, in the 3rd, 2155 people. We're making a brief overview of the study.

Each source gives its own data about wage dynamics. So, for example, the bank of the Social Ministry makes disbursements for wages, but these payments obviously don't reflect all earnings (the so-called hand-to-hand payments) or else wages are financed under the label of other processes.

From their data, it isn't clear what the EMOR data allows as components of earned income. The EMOR data groups together labor disbursements as a whole, among them wages, bonuses, wages from second jobs, vacation pay, sick pay, business trip allowances, and royalties. (See Table 1.)

Even though minimum wages have increased rapidly, consistent with monetary reform, the average salary in September 1993 was 1182 Estonian kroon, but its purchasing power was only 95% of July 1992's 664 kroon.

Table 1 with the EMOR data reflects this question of the average salary, whereby using a single survey (asked of 1000 people all told each month) over 500 wage-earners were included; in the household panel, as we already mentioned, it included substantially more. In the case of the latter, all the earned income was established in a special poll.

Salary Growth Has Been the Fastest in the Building, Fishing and Mining Industries

When broken down by basic occupation, the data of the EMOR household study show that the 3rd quarter's highest wages were in the building, fishing and mining industries, where salary growth has also been the fastest. (See table 2, figure 1.)

To some degree, according to ESA's latest data on classifications of different occupations, the highest gross

wages in the 2nd quarter were truck drivers, who earned an average of 6365 kroon a month, followed by employees in finance with 2636 kroon, and tobacco producers with 2618 kroon a month.

When broken down by forms of ownership of enterprise, the fastest growing salaries are in foreign-owned based production units and their subsequent private enterprises. The afore-mentioned enterprises, which is taken for ours and with which they are often compared, show by their salary levels there is obviously pressure on the members of their enterprises. (See figure 2.)

At the same time, it can't be left unsaid that much of the foreign- and privately-owned property is said to be production enterprises.

The Work of Top Leaders Has Started to be Valued

According to calculations, nearly ½ of salaries are below the average index. (In Figure 3 the distribution of salaries is given according to the size (not including net wages and bonuses).) In the 3rd quarter, 13.6% of workers' net wages remained below 300 kroon.

At present, significant wage discrepancies have developed depending upon the jobs and the qualifications of the workers. (See Figure 4.)

At the same time, the salaries of very high-level leaders and businessmen are increasing the fastest, and these salaries verify once more that enterprise, decision-making, risk-preparedness and other qualities necessary for top leaders have started to be valued financially.

It's certainly true that salary proportions are evidently not yet optimal (for example, between skilled workers and unskilled laborers, specialists and chief specialists, and so forth).

Salaries have started to differentiate according to educational levels as well, which gives value to education certificates. (See figure 5.)

Yielding the largest profit is a scientific degree, as the owners of which who were questioned in the survey received in the 3rd quarter at least two times the higher salary than other workers. Obviously to pursue higher education affords both better-paying jobs and to do more qualified and more lucrative work.

Other learning institutions giving a higher education were intended to be under the applied higher education in the EMOR studies, Tartu University concluded.

Salary Discrepancies are Significant Between Men and Women, Ethnic and Age Groups

An EMOR survey confirms great wage discrepancies between men and women, and between age groups. (See figure 6.) The women's situation is the same as in other countries. Even considering the relatively higher level of women's educations, it is with legitimate circumstances that women choose jobs requiring less risk, preferring a

more favorable work environment (such as a job closer to home) among others, which in turn also pays less.

But invariably these reasons are not sufficient to explain the wage discrepancies.

Wages differ rather substantially depending on the workers' nationality. (See figure 7.) Of course, our wages are not paid according to nationality, but workers of different nationalities are divided rather unevenly by branches of the economy and by enterprise, where in turn there are different wage requirements.

So for example, the majority of the Estonians and Finns are among the relatively low paid agricultural workers (actually, obviously Ingrian-Finns.) The situation of the Ukrainians and Belarusians can explain their higher salaries, as they work relatively more often in the mining industry, ocean shipping and the fishing industry, where salaries are higher.

The EMOR studies give an interesting picture of wages and enable both the workers as well as their employers to draw the necessary conclusions.

Production Output Decreases By One-Third For '93

944K0347B Tallinn KAUBALEHT in Estonian
No 45 19-26 Nov 93 p 4 (Business Section)

[Article by Endel Vanatoa: "Industrial Production Decreases By One-Third"]

[Text] From January to September 1993 industrial production made, in current sales prices (without value-added or excise taxes) 10362.6 million Estonian kroon, which is a 32 percent decrease over the same time last year. Reports indicate that the level of industrial production has begun to stabilize, and in many areas even increase.

A comparison of January to September in the current year to the same time period for 1992, 1.9 times more lacquer and paint products, as well as cigarettes, were manufactured. Production of syrups was 1.7 times, crude ethanol 1.5 times, and refined ethanol 1.4 times more; oil production installations, powdered skim milk, wine and other alcoholic beverages 1.2 times more; soft drinks and shale oil (commercial), food- fish production (canned fish) and mayonnaise 1.1-1.2 times more.

At the same time, the manufacture of many essential products was several times less or completely stopped. Thus, from January to September of the current year in comparison to the same time last year, the amount of

canned meat produced was 7.6 times less, silk fabrics 6.2 times less, ether 6.1 times, macaroni products 5.7 times, agricultural peat 4-5 times, suits, linen clothing and heating oil (commercial) 2.3 times less than last year.

There is a shortage in production in the current year of sulfuric acid, trucks and cars with specialized chassis, radios and measuring instruments, flexible power cable, cellulose, writing and composition paper, as well as composition notebooks.

The manufacture of many products increase

When grouping production enterprises according to the forms of ownership, we see that state and municipal enterprises manufactured 6550.8 million Estonian kroon worth of industrial production in a single month this year, or in other words, 63.2 percent of the total volume of industrial production.

If one compares the output of this September with the same month in 1992, we see that many more products were produced in September alone, when in comparison with January-September of last year less of these products were manufactured.

These products are peat bricks, synthetic albumen and plastics, steel and cast iron castings, measuring and control instruments for technological processes, agricultural machines, adhesive veneer, sheets of plywood, clays, building components, linen yarn, silks, cheese, canned fish and evaporated milk, fish meal, mineral water and synthetic washing materials (in small packages).

The producers' price index of industrial production has had a tendency to decrease in the current year. In relation to the months of last year, the index was 729% in January, 424% in February, 231% in March, 207% in April, 192% in May, 177% in June, 168% in July, 164% in August, and in September, 154%. The same indices in Latvia, corresponding to each month, were 911%, 576%, 503%, 373%, 309%, 278%, 201%, 179%, and 145%, and in Lithuania, 1240%, 979%, 744%, 792%, 681%, 587%, 826%, 471% and 351%.

There is still a bit more additional information in that the data on the volume of total industrial production includes all state and municipal enterprises and the larger (100 or more workers) forms of ownership. The remaining smaller (less than 100 workers) enterprises are added to the data as well. Obtained by means of a selective survey, the data was projected to a general compilation of enterprises, and is shown in Table 1 under the headings, "All Industry" and "All Manufacturing Industry".

[Table 1] Industrial Production Manufacturers' Price Index (%)

	September '93 Compared with August '93	with August '92
All Industry	99.4	153.6
Energy	93.6	138.6
Mining Industry	100.0	159.7
Shale Mining	100.0	160.4
Peat Production	100.0	150.7
All Manufacturing Industry	100.2	155.8
Processing of Foodstuffs and Beverages	101.2	164.6
Processing of Meat and Meat Products	101.0	197.7
Processing of Milk Products	99.9	123.9
Textiles	96.9	157.2
Clothing Manufacture	104.1	149.5
Leather Manufacture and Fur Production	76.1	132.9
Lumber Production	92.6	93.6
Chemical and Biological Manufacturing	104.7	135.0
Production of other Non-Metal Resources	106.5	140.1
Production of Automobiles and Equipment	100.0	138.2
Production of Furniture and Other Commercial Industries	100.5	212.5

[Table 2] More Important Industrial Production

	January - September '92	Jan - Sept '93	Jan - Sept '93 Compared with Jan - Sept '92
Electric Energy kWh	8564	6386	74.6
Thermal Energy kWh	3821	3318	86.8
Shale 1000t	14012	10874	77.6
Heating Peat 1000t	653.6	390.8	59.8
Agricultural Peat 1000t	10	2	20.0
Peat Bricks 1000t	108.8	83.0	76.3
ElectroOptics 1000t	25.2	26.2	104.0
Shale (Commercial)	26	30	115.4
Roof Tiles 1000 m ² surface area	410.7	295.0	71.8
Aluminum 1000 m ²	743.6	625.0	84.1
Lumber million m ²	97.0	38.5	39.7
Linen Fabrics million m ²	4058	1450	35.7
Woolen Fabrics million m ²	3064.4	616.9	20.1
Silk Fabrics 1000 m ²	685	111	16.2
NonKnitted Fabrics (woven) 1000m ²	9058.3	1989.4	22.0
Tricot Products 1000 tk	13024.2	2823.5	21.7
Hosiery and Stockings 1000 pr.	7972.3	4932.1	61.9
Rugs and Carpeting 1000 m ²	1894.5	1984.9	104.8

Agriculture Needs Government Support
944K0347C Tallinn *KAUBALEHT* in Estonian
No. 45, 19-26 Nov 93 p 5 (Business Section)

[Article by Helve Laasik: "Agriculture Needs Estonian Government Support"]

[Text] A simplified support system, which farmers are currently calling for, cannot be afforded by Estonia with its underdeveloped production. Agricultural production is only 17 percent of the total production of the national economy. In Europe, those kind of agricultural countries like France, Spain, and others all come ahead of Estonia; behind Estonia, there are only three countries, Portugal, Ireland and Greece. It is clear that production in Estonia needs to increase substantially.

Everything connected with agriculture in Estonia is overly politicized and the majority of the problems are polarizing into black and white, unfortunately often on solely emotional levels. In negotiations between agricultural producers and the government, an agreement was not reached with respect to an increase in governmental support for 1994. The minimal subsidy requirements are 748.5 million Estonian kroon.

Passage or rejection of a law on agricultural income, which would grant agricultural producers 748.5 million Estonian kroon, is for the Riigikogu to decide.

Trade in the eastern market needs an interstate treaty

In the recent past the Estonian agricultural production has had very good success in the eastern market. Estonian farmers are now once again interested in the restoration of this market. Trade with our eastern neighbor, however, needs an interstate treaty.

In spite of the fact that a kilogram of salami sausage costs 100 Estonian kroon in Moscow, Estonian sausage is not permitted for sale there. Before, shipment there had to be done at great expense, by trucks driven by men. It's possible that an interstate agreement could eliminate this discrimination against Estonians.

Arrival in the Finnish, Swedish and German markets interests Estonian farmers more than the eastern market. Unfortunately, they are not awaiting us. Estonian agricultural producers have emphasized the need for protecting the domestic market, the need to establish import tariffs, and other measures.

But right now it isn't exactly known how much food-stuffs are brought into Estonia in general, from where it is brought, and what. Our own producers haven't even gathered any information concerning how much meat, milk and eggs are sold. Likewise, it isn't known how much of our products is consumed in Estonia, or how much is exported, and so forth.

As for Estonian milk production, it is under debate whether the domestic market consumes two-thirds of

production, with one-third left over. Powdered milk currently is produced only at the Polva dairy.

Until agricultural policy in Estonia is certain, it's very difficult to establish a support system.

[Box, p.5]

Farmers Await Answers to Questions

Subsidies must be paid to the farmers of Estonia; members of government can't deny this. The problem is, to whom should it be paid and how much, which is to say, what should be the basis for monetary support? Should subsidies be paid per cow, per arable hectares of land, or per an entire farm? There needs to be a system for monetary support, which currently doesn't exist in Estonia. The magnitude and forms of agricultural support in different countries correspond to the goals and economic situations, which have changed continuously. The support system is not introduced all at once, but changing and being refined little by little.

How much meat, milk, eggs and vegetables do we generally need to produce? How much foodstuffs do we need for own population, how much could we export and where? Is our aim to unite with the European Community? If it is, then we must begin to adapt accordingly to the EC rules for agricultural production.

Parliament Begins Work on '94 Budget

944K0347D Tallinn *POSTIMEES* in Estonian
16 Nov 93 p 2

[Interview with State Council Tax And Budget Commission members Liina Tonisson of the Central Faction, and 'Isamaa' faction delegate Indrek Kannik, by Vahur Made]

[Text] While presenting the preliminary budget's general estimate, Liina Tonisson discovered that its passage in the Riigikogu would be a great trial of endurance. The reason was said to be the budget's small size. Estonia has too small an income to cover all its expenses. "The government automatically balanced the budget by cutting all investment," she claimed, and added that now almost every representative of Estonia's institutions, beginning with the president to the poor and sick, are turning to the Riigikogu for money. There are two ways to fulfilling the budget: either to raise the money or to share more widely the little that we have. Liina Tonisson found out that the government has taken the latter route. For example, she disclosed, the riigikogu established official poverty level and its promise to people with low incomes to offset the balance between their incomes and the poverty level. There is nothing allotted in the projected budget to sufficiently do this.

[POSTIMEES] What areas in the new state budget are especially favored?

"The budget is leaving behind any plans for the future, which is to say, investment. We are sitting in a deep

economic hole and have already set fire to escape ladder. The stress is on preserving the current status quo," Liina Tonisson discovered. The appreciable increase in defense spending (260 million Estonian kroon) disturbed her very much. There still hasn't been any conception of defense in Estonia. "Official wages are paid out, social security remains at its former level and the hospitals and schools deteriorate further."

In the opinion of Indrek Kannik, not only is there little money earmarked for investment, but for anything (even for defense spending). "The state won't set aside more money, even when it has income. Estonia must certainly get away from the idea that the budget has to be balanced. If one creates a budget with a deficit, it is inevitable that one also creates inflation, and the entire economy begins to lose stability." Indrek Kannik treated the statement that defense spending is too great "very critically". Estonia must be able to defend itself. "The situation in Russia is so unpredictable, that the situation during the time of the war for freedom could repeat itself, where known Russian groups could start to move against Estonia, and do so militarily. Estonian defense forces must be sufficiently strong, in order to safeguard the shape of Estonia's border," stated Indrek Kannik.

[POSTIMEES] How would you compare the budding 1994 budget with 1993's?

In the opinion of Liina Tonisson, there are changes for the better in the structure of the budget. The budget has become more solid. Income and expense figures have been better worked out, in other words, so that a member of the Riigikogu can better see what is creating the income and expenses. Income from state-owned property has increased dramatically (in 1993, it was 50 million Estonian kroon, and in '94, over 200 million Estonian kroon). It is clear that there is state property in Estonia, even though part of it has been sold. In addition, in Liina Tonisson's opinion, the large amount of defense spending is negative, in that the expenses aren't realistic in the projected budget they have formulated. In reality these sums are much greater. "Perhaps the latest trimming of investment in the social sphere was inevitable, but then this should have been for the public to be aware of and to discuss. In whose name do we tighten the belt for everyone?" contemplated Liina Tonisson.

And in the opinion of Indrek Kannik, the projection of the coming year's state budget is considerably more civilized and more like a budget for a democratic nation. The precision with which different points were worked out is considerably greater than in the preceding budget. "I think that Estonia is moving ahead slowly, but definitely in the direction of a normal state budget. The budget certainly could accept many details and improvements."

[POSTIMEES] How do you regard the government's reserve fund?

Liina Tonisson discovered that the world doesn't know the practice of having such a large part of our budget, as

we have now, remaining in a government reserve fund. In part this is conditioned by difficulties in the formation of a budget in Estonia, but also for the power to preserve its wishes. "Film-makers come to ask for money, and we give them a little, the police ask, and we give them a little well; someone else comes, and we give yet again. Since the police salaries are rather small, which I personally agree with completely, a change must be made in the contents of the state budget. It's not enough, that the police express their opinions in the newspapers and the prime minister promises them to find the money in the reserve fund. In a Democratic state money must not be what the government distributes to please the Riigikogu."

Indrek Kannik found out that the government reserve fund should start to decrease. In comparison with last year it is already said to be smaller. In a preliminary variation of the budget projection the size of the reserve fund was forecast to be 196 million kroon, although in the words of Indrek Kannik the prime minister and the government are said to be in agreement already that this would decrease to 140 million kroon. "The Estonian economy still isn't so stable, that the reserve fund can be used up. Often some urgent situation arises, like for example, last year's passage of the law on minimum living expenses, the costs of which proved to be over 60 million kroon more than predicted."

LATVIA

Saeima Considers Referendum on Citizenship

944K0382A *Riga DIYENA* in Russian 23 Nov 93 p 1

[Article by Sanita Upleja: "Saeima Considering a Referendum on Citizenship"]

[Text] Riga, 22 November—Certain factions in the Saeima are responding positively to the idea of a nationwide vote on the question of citizenship. The DNNL [Movement for the National Independence of Latvia], Union of Christian Democrats, and Fatherland and Freedom, uniting in the newly formed Association of National Forces of Latvia, believe that prior to adopting a law on citizenship, the Saeima must adopt a law on nationwide voting. The faction *Latvias Cels* [Latvian Way], in turn, believes there is no need for nationwide voting. However, it does not rule out the possibility that such a law will be adopted in the interval between the first and second readings of the law on citizenship. Nationwide voting on the question of the law on citizenship could take place following adoption by the Saeima of the law on citizenship in the third reading.

As Andrey Panteleyev, leader of the *Latvias Cels* faction, stated to *DIYENA*, the *Satversme* [Latvian Constitution] envisions the possibility of nationwide voting on the question of any law adopted by the Saeima if this is demanded by the president or by 10 percent of the voters. A. Panteleyev believes there is no need for referendum in the question of citizenship, insofar as the

law must be thoroughly discussed, and it will be necessary to find a compromise version in the Saeima. In his discussion with DIYENA, A. Panteleyev did not rule out the possibility that in the period of time between the first and second readings of the law on citizenship, the matter of the law on nationwide voting might be discussed and such a law adopted. He stated that following adoption of the law on citizenship in the first reading, it would be sent to international organizations for examination; it is therefore presumed that the possibility would exist over this time frame to adopt a law on nationwide voting.

Aristid Lambergs, representative of the DNNL faction, told DIYENA that the DNNL has already presented to the Saeima its draft law on nationwide voting. The DNNL believes that nationwide voting is necessary in the question of citizenship, and therefore a law must be adopted with respect to it prior to adoption of the law on citizenship.

Union of Christian Democrats representative Uldis Lakshts told DIYENA that his faction also supports the concept of nationwide voting. At the session of the Union of Christian Democrats board, which convened today, four faction deputies voted for the concept; Olaf Bruvers abstained.

Maris Grinblats, leader of the Fatherland and Freedom faction, also told DIYENA that his faction supported the concept of conducting a referendum on the question of citizenship if the draft law of the ruling coalition is adopted.

Ulmānis Speaks at 75th Anniversary of Latvian Independence

944K0382B Riga V SAEIME I KABINETE
MINISTROV in Russian No 22, 24 Nov 93 p 10

[“Speech by President of Latvia Guntis Ulmanis in Honor of the 75th Anniversary of Latvia’s Independence, Delivered 18 November at the National Theater”]

[Text] “The age-old fetters of peoples are falling to their feet with a clang.” These words of French diplomat Georges Clemenceau, president of the Versailles Peace Conference, became a reality for Latvia on 18 November 1918. Emerging from the bloody hell of world war, worn out from the torment and suffering of peoples, the new European and world order of the 20th century was born, including among a number of new countries, the three Baltic states. Europe paid a portion of the bill for peace, the right of peoples to self-determination, the embodiment of international law, and the League of Nations. Latvia paid a portion of its bill for statehood. No matter how sacred our memory of the first 20 years as a free state, one of the prominent Latvian diplomats, Zigfrid Anna Mejerovits sensed its hopelessness. He stated: “If an independent Latvian state exists for two decades, it will be a tremendous success.” This was a premonition, a consciousness of the fact that the bill was not paid up. The lives of Latvian riflemen, the sufferings of a people

forced to become refugees, the devastated Latvian land—all turned out to be not enough.

The first 20 years of statehood were a time of respite and creation of a model. And the task was completed. No Latvian statesman at that time knew just how mercilessly vast was the unpaid price for our own statehood. And even today we do not know whether or not the bill of grand world politics is paid. We can only demonstrate that an inconceivably large amount was paid—by those who fought on four fronts in two world wars, those who were deported, through genocide, 50 years of occupation, emigration, Russification, political repression, victims of revolution, in suffering, blood, and tears. All this is more than enough to discover sacred revelation and exist before the Lord God. But is it enough to protect our rights in a civilized world?

From the very first day of its newly acquired independence, Latvia began to seek guarantees for the security of its future. It is a difficult quest, which will apparently last many years. Has Latvia been granted this much time? No one knows. Perhaps we are all afraid to think about this. Latvia is occupied to this day, and the single real hope the world is able to offer us is agreements on cooperation between the NATO countries and East European states. We have advanced the thesis *security for one together with the rest!*, and we hope that the NATO alliance or some other international system established in Europe, and the West European Union or pact on stability in Europe will provide the peoples of Europe with a mechanism for surmounting military crises. We are grateful for CSCE efforts as intermediary and its good services, effecting measures over the course of many years with respect to arms control and confidence building among states. Concerned about its security, Latvia hopes that the CSCE mission will evaluate how Russia is today fulfilling its obligations as stipulated in the Helsinki documents of 1992, when it checks the political climate in Latvia.

Honest information on resolution of the problem of citizenship and other related issues will enable people to objectively refute the assertions of Russian propaganda alleging that the rights of ethnic minorities in Latvia are being violated.

Regardless of how the question of security guarantees is resolved, Latvia is prepared to effect cooperation in order to improve the situation in the region. The independence and sovereignty of Latvia are a priority task of foreign policy and the strengthening of security.

Ignorance of the future is not a curse; foreseeing the future is a gift from God. Latvian riflemen and intelligentsia, who first advanced the idea of political self-determination, creating the People’s Council and proclaiming the Latvian state, could not see into the future. They themselves created this future using minds illuminated with inspiration, their hands, their souls inspired with idealism, their skills, their hard labor. The date 18 November became the hour of triumph of the people, the

hour toward which they had moved for centuries, moved with difficulty, paying in blood and sweat, slave labor and wars, living through a reawakening and enlightened enthusiasm.

It is in this way that national self-consciousness and culture emerged, became established, and finally caught up to humanity in its reckless race. It is not for nothing that Edvarts Virza, talking about proclamation of the Latvian state, testifies to the presence of these former generations:

"Military leaders of bygone times, unknown folklorists, poets, and other figures of the period of reawakening—each senses the presence of all these men. Otherwise, just what was this sudden chill of inspiration, which at times gave bystanders the shudders, if not an interchange of the dead with the living? What indeed is inspiration, in the final analysis? It is the strength of the past concentrated in us, the sudden reawakening of our ancestors, swift and sudden bolts of lightning illuminating the past and the future."

We are familiar today with this sensation. It was with us many times, as we began our journey toward restoration of the independent Latvian state. We are more than simply physical substance. We are more—the spiritual presence of prior generations of our people, our experience of history and culture, the responsibility we have to future generations. In this world of historical experience we find examples and warnings, values and prohibitions.

In comparison with the first years of the existence of a free Latvia, our work today is easier because experience can suggest a great deal beforehand, if only we are capable of heeding advice. But we will be able to utilize this advantage only if we are able to clearly recognize historical errors as well as our own. The analogies and repetitions of history today seem truly astonishing. Who does not know how fragmented and disjointed Latvian society was prior to establishment of the state and during all the years of democracy? Party disputes in the Saeima are a commonly known historical stereotype, just as the emergence of new small parties during every election.

The introduction of changes to the law on elections, i.e., the introduction of a percentage barrier in elections to the Fifth Saeima, constituted a step toward creation of a normal party system in Latvia. But this is just the first step. The experience of the period of parliamentarianism forces us to think about coordinating the ideas of democracy with those of national unity. Restoring the functioning of the Satversme [Latvian Constitution], the Saeima, and the law on elections, we advertised ourselves as a democratic parliamentary republic. Time and our efforts are required to effect its establishment and successful functioning.

National unity is a unique kind of limitation of party and personal freedoms. But it is not a formal condition. It is a realization of values, a realization of unity, and this is necessary for every political figure, regardless of what

party he represents today. One of the signs of manifestation of this consciousness of unity is tolerance, toleration, which enables political rivals, while maintaining self-respect, to find compromise and avoid becoming enemies. The same thing applies to groups that represent various interests in society.

People are different, and their interests are different. The interests of the peasant and the city-dweller, the entrepreneur and the intellectual, the employee and the employer, will always be different in questions of wages, taxes, social security, prices. But we—are Latvians, or to express it more broadly—citizens of our own Latvian Republic. We must strive to achieve harmony of interests, equilibrium. Of course, this is complicated by the fact that the Latvian state has not yet acquired full sovereignty. Nor have questions of decolonization and citizenship been resolved. But it is precisely in order to resolve these complex problems that a consciousness of national unity is necessary most of all. As is the case today, at the beginning of the 1920's pressure was exerted on the Saeima. There were demands for a more liberal approach in affording citizenship, i.e., rejection of testing with respect to knowledge of the Latvian language and easing the requirement with respect to years of residence in Latvia. But in spite of a significantly more favorable demographic situation over the course of the entire period of existence of the free state, the number of naturalized residents has not exceeded 300-400 people per year.

Recognizing the demographic situation that has taken shape as a result of occupation, we must clearly and uncompromisingly define our attitude toward the problem of immigration as such. Latvia is a small country in the territorial sense. It is not now and never will be a country for immigration. And today we should be thinking not so much about the legalization of foreigners in Latvia as about unifying our own people spread throughout the world, about returning Latvians to their homeland—both from the West and from the East.

We should also learn from the experience of the creation of the state apparatus during the times of a free Latvia. The first state employees in Latvia were idealists, for the most part. But then the situation changed. We see where Ernest Silzemeiks wrote about corruption and the political figures of pre-war Latvia in connection with its first decade of existence:

"As politicians they deceived their electorate, as statesmen they deceived the Republic, since they did not have a state policy, just their own private policy. Their political activity was not part of a single program, not a single platform. They did not fulfill their promises. They were as uncertain and unpredictable as the wind. The state lost a great deal as a result of their politics, only they themselves won anything."

Ernest Silzemeiks explains this spirit of corruption through a lack of political principles and traditions,

difficult conditions of life for the Latvian intelligentsia, or the absence of a prosperous intelligentsia, because only the intelligentsia could imbue in society traditions of unselfishness and self-sacrifice.

Idealism, unselfishness, self-sacrifice—these are today the most necessary qualities in state work—and right now the material condition of many educated people is simply humiliating. Unfortunately, we do not have a well-to-do intelligentsia, and people who have received an education go out to work in commercial structures in order to extract themselves from this pitiful economic situation. The contradiction between patriotism, enthusiasm, and material interests undermines the political foundations of the restored Latvian state. And here it is not enough to make appeals to sacrifice oneself for the common good.

We must realize that a rebirth of the ideals of 18 November, our self-determination, takes place every day, with each plenary session of the Saeima, with each election. It is a continuous process, and the successes of the state depend not so much on market achievements as on the potential for education and culture.

A great deal has been attained over the past two years of independence. Especially in foreign policy. Restoring independence in 1991, Latvia determined the main objective of its foreign policy—integration into Europe. A European state in the geographic sense, Latvia has come to lag behind Europe in the political, economic, and social aspects. Latvia's inability at this very moment to merge in a full-fledged sense into the continued development of Europe very much disturbs us. But we feel that Latvia will have its say in the future development of Europe. Latvia understands the diversity of the mechanisms and variations of cooperation that lie at the foundation of today's structure of Europe. Return to the modern world is an objective that will require tremendous effort to achieve.

One of the ways of doing this is economic cooperation with the European Community. The European Community would provide Latvia the economic development it needs so much, enhanced standard of living, the opportunity to overcome problems of the transition period and, most importantly, security. From the first days of its independence, Latvia received support and assistance from the majority of countries in the European Community. Their participation has always been and continues to be essential to the processes under way in our country, especially those which we today are in no position to resolve on our own. But foreign assistance will reap benefits only if we are able to use it sensibly and honestly. Every instance is thoroughly investigated where credits and humanitarian assistance fail to reach their addressee, distribution having been made through private firms. Every dollar of loans, every lat of the budget is studied over and over before being issued.

Cooperation among the Baltic countries is one of the cornerstones of our independent policy. The Geneva

Treaty of 1934 on mutual understanding and cooperation among the three states brought about the formation of an unstable alliance, unfortunately, at the foundation of which lay a mechanism of political consultations.

The statement signed 21 September 1993 by the three presidents and the concepts included in documents of the recently convened Baltic Assembly on creation of a Baltic Council allow us to hope that at least in this aspect, Latvia and the two other states will succeed in attaining more than was the case in the prewar period. The Baltic Council will be a significant power if more than consultative activity lies at its base, but if a strictly mandatory nature is attributed to decrees of the Council of Ministers of the Baltic states.

A good beginning has been made. Regular meetings are conducted at the level of presidents, prime ministers, and ministers of foreign affairs. Cooperation is being intensified between ministries of internal affairs and defense. The countries are beginning to coordinate their foreign policy and economics.

The treaty signed in September of this year on free trade among Lithuania, Latvia, and Estonia might possibly enter into force as early as next year. At the same time, this will be reliable confirmation of a serious approach to the topic under discussion concerning free trade between the Baltic states and the European Community, with respect to which agreement in principle by the European countries has already been reached.

Latvia will never forget, either individually or on the level of mutual cooperation among the three states, about the Baltic Sea and the desire of the peoples living on its shores to cooperate. The plans of the council of countries in the region of the Baltic Sea will enable us to look with optimism toward Latvia's cooperation with the countries of Northern Europe, as well as with other states of the Baltic region.

To the extent of its abilities, Latvia is attempting equally to distribute its political and economic emphasis along the West-East and North-South axes. In this regard we are obliged to properly assess the striving of the United States and other distant countries of the world to cooperate and to support the formation of relations between Latvia and Europe, thus imparting a great stability to these processes.

Latvia is striving to build relations with its eastern neighbors based on a bilateral recognition and observance of full sovereignty, which would be followed by the development of economic and cultural ties. Latvia is trying to establish with Russia a broad spectrum of relations which would be to the benefit of both states. Unfortunately, as of today the interests of Latvia and Russia are to a certain extent in contradiction. Latvia's main task—to strengthen its statehood—does not coincide with the geopolitical interests of Russia in the Baltic region.

All the same, politics is the art of compromise, and Latvia is prepared to compromise. But every state has its own national interests with respect to which compromise is impossible. Latvia too has such national interests. Our main demand is the swift and complete withdrawal of a foreign army—and here we place special emphasis on the word complete.

The time has come where the process of political and economic changes in Latvia is testing our endurance and convictions by presenting deep national economic crisis. True, rigid monetary policy and cooperation with the IMF, the World Bank, and other international structures have enabled us to surmount hyperinflation and stabilize the level of prices for goods and services. We have a stable national currency. But this is just a first success—albeit a convincing one—in the complex process of overcoming the consequences of socialism and national economic reforms.

The "times of the land surveyors" are with us now for a third year. The land reform that began immediately following the restoration of independence is continuing. The recently adopted law on privatization of rural land is without a doubt an important step in setting up proper legislation, but there still remain unresolved problems related to land assessment and use.

When I took a trip through the Latvian countryside over the holiday period, I sensed that in spite of difficult economic conditions, the Latvian is all the same an optimist, who looks toward the future. He goes about his business and plants flowers and apple trees—which shows no pessimism. When you see all this, a faith arises and grows strong—that the people will survive and build their future, and perhaps it was during this difficult autumn that this faith, this trust, was born.

But the optimism of the new Latvian landowners is being undermined by the monopoly of state processing enterprises, which has been preserved. It is precisely here where the money unpaid to the peasants has settled. These inflexible, technologically obsolete relics of socialism, not ready for a new economic operation, have become a stone hanging around the neck of economic reform in the rural areas. Their privatization and transfer over to peasant cooperatives comprises an urgent task.

Movement in Latvian industry has been noted since October of this year, although in the old structures production has been significantly reduced in almost all sectors. To a certain degree, this is to be expected, since the industry portion of Latvia's economy was foisted upon us. When economic ties with the centers of the empire, artificially supported over decades, came to be severed, new ties were unfortunately not set in place. The

ability to function under new economic conditions separated producers who showed promise from those who showed none, and painful bankruptcy awaits several of them.

Today all of our industry needs raw materials, and Latvia is paying world prices for energy. We cannot compete in the Eastern market until production and prices for resources there are subsidized; while entry into the Western market is being delayed due to the poor quality of our production output.

Today the most important thing in Latvia's national economy is to maintain jobs and support investments. As of today, unemployment in the country has actually affected some 8 percent of the economically active population. Changes in structural policy obviously may lead to increased numbers of persons unemployed. We should therefore be thinking about a more active policy of forming the labor market, as well as about the retraining of employees and development of small business.

But creating new jobs can bring about the greatest effect when foreign capital is attracted into our economy. A low level of inflation and stable currency exchange rate create favorable profit-making conditions for everyone who is ready to invest funds in new enterprises in Latvia, including joint enterprises.

Today flowers are being brought to places held in sacred memory by the people. Lighted candles in the windows enable us to portray the miracle of the reborn Latvia. But hidden in this November darkness are need and poverty. Everything that has been conceived and planned may turn out to be just a weak ray of hope unless we recognize the grave situation of our pensioners, invalids, and families without employment who find themselves in dire straits. The dark burden of poverty is wearing down the spirit of the people, chasing them toward hopelessness and apathy. This is bitter and unfair. But we must not give in. The president, government, and self-government entities bear responsibility for this. Order in the country is our objective and our obligation. Unless proper order is secured in the customs sphere, imposition of taxes, and management of state property, the country's budget will always remain a "pocket with a hole in it," and the situation of the needy, grave.

Three-quarters of a century is not a great period of time for a state. But it is the life span of a single individual. The historic destiny of the Latvian state constitutes a lesson we pass down from generation to generation. It includes much more than the bright inspiration and idealism of 18 November. All the same, the great daring and confidence intrinsic to the beginning must live in the hearts of those who feel a calling to apply their efforts to building the Latvian state. Only in this way will we be able to carry on the business that was begun by our forefathers. God save Latvia!

West Accused of Pressuring Latvia To Grant Russians Citizenship

944K04004 Riga NEATKARIGA CINA in Latvian
30 Nov 93 p 2

[Article by Karlis Reimanis: "These Lovely Democratic Defenders"]

[Text] **The road to a Slavic Latvia: Through the Saeima?**

For the first time in the 4,000 years since the Balts settled this land, they and the Livs account for only half of the total population. The hands of Russia's imperialistically minded politicians, their agents and servants in Latvia are shaking from impatience and their voices are getting carried away: They must still succeed in the mass of Russian speaking immigrants becoming voting citizens of Latvia, and then in a few more years they will have a majority in the Saeima.

They will then be able to make the Russian language a second state language. Then there will again be a government in Riga compliant to Moscow. Then Russia will be able to save its strategic bases here. Then they will be able to carry out to the end the effort to Russify the aborigine begun long ago and particularly energetically pursued in the years of Soviet power. Then Latvia will finally be *nasha*. ["ours" in Russian]

But we are not yet to that point. That is why they cry ever louder about *violations of human rights* in Latvia and grow dissatisfied with Western commissions, which, behold, have been unable to find these violations. Certainly the millions stolen by the CPSU from the people of the one-time Soviet Union and hidden away are now being used to turn the wheels of the propaganda machine favoring the empire in those Western mass media whose owners do not know enough to ask from where their client's money comes.

But this time let's not talk about authors whose publications trample the character of the Latvian people with openly hostile insinuations. Let's not talk either of those Western politicians who, to curry the great power Russia's favor, are prepared to sacrifice the Baltic people on the altar of the empire. Let's concentrate on those well educated people who have been raised on the spirit of the Western democratic humanist tradition, who, it is possible, mean well for us, but who, never the less tragically, are pushing the Latvian people down the road to ruin.

Very characteristic in this regard is the German Bundestag deputy, SPD member Gert Weiskirchen's pronouncement, which at the time gained quite wide support in our press: "I would wish that Latvia would be generous and openly offer their hand to those Russians who wish to become citizens of Latvia." (DIENA, 16 May 1992)

The American political scientist Paul Goble does indeed acknowledge that, "in accordance with international law, occupied countries cannot be asked to offer citizenship to residents brought in by the occupying power," but still

Latvia's road to Europe is viewed as the transformation of these same residents brought in by the occupying power into citizens: "...once you have figured out how to handle the non-citizen problem, and, specifically, offer them citizenship (my emphasis, K.R.), there will be no reason that Latvia economically and politically could not be one of the Scandinavian countries." (DIENA, 22 August 1992)

And at his press conference just recently a stern official—ECSC chief advisor on national minority questions Max van der Stuhl—after his regular visit to Latvia invited us "to develop a rather liberal law on citizenship, which would permit Russian speakers to become citizens." (DIENA, 16 June 1993)

These people belong to other nations, which are related to our nation neither by blood ties nor by a common homeland. But they find similar thinkers also among Western Latvians. Aivars Rungis's article, "Latvia's Strategy for Life," (NEATKARIGA CINA, 10 July 1993) mentions three of them: Andris Skreija, Andrievs Ezergailis, and Valters Zalitis, who, in their articles published in America's Latvian press, express the thought that the demographic consequences of the Soviet occupation are a lasting reality, that Latvia is destined to be a multiethnic and multicultural land. That means that in Latvia among those belonging to other ethnic groups (specifically, Russians), that Latvian faces also will be evident there for a while and the Latvian language also will be heard here and there.

The Latvian people, which in the years of war and occupation shrank by one-third in number, now must integrate almost the same number of Slavs, behind whom stand more than 100 million Russians alone as an inexhaustible living reservoir.

What then motivates these educated, devotees of the Western humanistic tradition, these slow-witted gentlemen, to come forward with these very views and advice?

First of all, it seems to me, it is an inability to understand the essence of the dead end into which the Latvian people have been forced. In Germany Germans constitute 95 percent of residents. In the Netherlands the Dutch are the same; in Sweden, Swedes are 96 percent; in Denmark, Danes are 98 percent. Those are pronounced mono-national states; the issue of the horror of a loss of national identity has not even appeared in the dreams of democrats there.

Secondly, it is a particularly tolerance with which Western democracies have been suffering since ancient times. In politics it often manifests itself as an invitation to *reconcile oneself to reality*. For fifty years Moscow's oprichniki, Kalnberzinshes, Pelshes, Vosses have diligently helped, sold out the Latvian people, and flooded our land with colonists from the East. But the gentle Western democrats now teach us paternalistically: *Reconcile yourselves, friends, and be generous!*

It is also a fear of Russia. Western politicians well understand that Moscow will never shy from attempts to reacquire the Baltic states. And they will do so with all resources available, not even rejecting repeating the 1940 Stalinist option. *Defending residents who speak Russian* might be useful as one of the pretexts. "If the interests of Russian inhabitants are touched, their honor and dignity in any region, then I will undertake the most decisive action." Those are the words of Russian defense minister Pavil Grachev. These days such actions in Europe would take place against nuclear missile coverage aimed at the West. The scythe of death would be raised against the brightness and welfare of modern civilization, which many generations have created in Germany, France, England and America.

How to escape such an apocalyptic future? The route seems clear: to give Russia the opportunity to satisfy its imperial appetite, in such a way that at least outsiders would not talk about the traditions of democracy. Specifically, colonists and their descendants would receive Latvian citizenship, emerge victorious in the next Saeima elections and take state power into their own hands. They say that that would be suicide for the Latvian nation. For citizenship will be offered by the Fifth [current] Saeima, where the majority of deputies are Latvian, who in turn have been elected mainly by Latvians. But firstly, it would be a slow, *asphyxiating* suicide, for the complete Russification of society would drag on for several generations. Secondly, it would occur in an embellished, humanized way. Sooner or later Russia will become an economically strong great power and a Slavic Latvia would become an imperial *window on Europe* for all eternity, probably transformed into a prosperous province. So long as there is still a living Latvian language here there would be no shortage of money for art weeks (maybe decades?) in Moscow, nor for operating the Song Festivals in Riga.

The nation's death will be slow and the funeral will be moving. Politicians will praise the deceased's correct understanding of the situation and generosity at a time of decisive historical change. Historians will note the exceptional investment in renewing imperial greatness. Philologists will point to the footprints left by the Latvian language on Slavic dialects and place names. Proud and immovable with apostolic sadness on their faces, Western democrats will stand, dressed in black mourning suits with snow white gloves on their hands, as dictated by diplomatic protocol.

Only I have to disappoint you, honorable representatives. The funeral is still far away. There is still time to spoil it; the Latvian people, perplexed by all sorts of ideas, can still recover, can still stand up tall and say: "Thank you for your advice! But we want to live. And we want to be masters in our own land!"

U.S. Accused of Selling Out Baltics
944K0400B Riga *RIGAS BALSS in Latvian*
22 Nov 93 p 5

[Article by Uldis Lasmanis: "Eisenhower's Postulate And Skrunda's Radar"]

[Text] At the end of his political career U.S. President Dwight Eisenhower expressed the rather strange thought that eventually the military-industrial complex could become uncontrollable and dangerous to all societies.

A half century has passed since World War II, but there has not been a day on earth that there has not been a shot, an explosion or an untimely death. Even recently local conflicts were described with "right and wrong" theories of war, more accurately as representatives of communism or capitalism. Now the times seem to have changed, but they shoot even more viciously. Alongside the traditional weapons testing bases in Africa, Asia and South America, we can add the Balkans, Caucasus and Central Asia. Hundreds of diplomats and thousands of U.N. "Blue Helmets" are trying to calm people who are killing each other needlessly. What could be simpler than disrupting cannon and ammunition supplies to the warring sides? Any high school student knows that automatic rifles and missiles cannot be manufactured like drugs in an Indochinese jungle or a Central Asian ravine. It requires industrial organization of the highest technological level, which is state controlled. In many countries it can be reined in at any time. I remember well that in the army at the beginning of 1950 we, a whole regiment of soldiers, searched for five cartridge cases lost in training. And until we found them! And that best proves Eisenhower's correctness, for no one can effectively control today's arms makers and suppliers. Even more, weapons magnates have divided the East and the West: Where the Kalashnikov dominates, Schwartzegger's rich arsenal is unknown. The international military-industrial complex dictates its own rules: Diplomats can chatter away and the Red Cross can help; we do our thing, we must make money!

The power of arms manufacturers manifests itself also in that where there is shooting, no human rights defender sticks his nose in. In the Balkans they can murder, rape, operate bordellos for U.N. soldiers, but no Van Der Stuhls show up there as in Latvia. Hundreds of thousands of Russian speakers are fleeing from the Caucasus and Central Asia, and no one defends them, because that, after all, is the Kalashnikov empire.

This peculiarity causes us to understand or to surmise also the rock-solid importance of the Skrunda radar position.

In the 1970's and 1980's U.S. and Soviet diplomats unceasingly argued about treaties to reduce nuclear warheads and missiles. When parity was ostensibly reached, the U.S. suddenly grew stubborn: A radar is being built in Krasnoyarsk. A terrible threat to U.S. security. It must be liquidated.

In vain the USSR's greats rationalized and swore that the Krasnoyarsk giant is only for defense, security. Already in Gorbachev's time U.S. militarists pressured to stop construction of the Siberian radar. *IZVESTIYA* wrote whole serialized articles about how they are being robbed of unique systems, even publishing American space photos of the Krasnoyarsk monster.

I saw this image and was struck dumb. Or to put it more accurately, I was struck dumb not then, but this summer, when, driving back from Kuldiga, not far from Skrunda, I saw the miracle of modern technology. It was like a twin brother to its Krasnoyarsk analogue: the same 20-story building with one facade slanted toward the West. In what direction the slanted wall of the Siberian variant was slanted I do not know. Judging by the newspapers and the then silenced "Svobodas," the Skrunda and Krasnoyarsk giants were built at the same time. So how does one avoid posing the question to the world's strategists: Is a radar built in Russian territory more dangerous to U.S. security and is totalitarian China's existing and Stalinist Korea's developing nuclear potential less dangerous to Russia than to the missile silos of the democratic U.S.A. located in Greenland or here or there in Europe? Why is the Skrunda radar situated on Latvian territory so untouchable? The answer can be deduced from U.S. Secretary of State Warren Christopher's Gulliver and the Lilliputians discussions of this topic!

Do Western diplomats fail to understand that by maintaining the Skrunda, Paldiskis, Liepaja and other Russian military installations we are actually thrown back into the first, still negotiating stage, of the 1939 Molotov-Ribbentrop pact!

There would be no need for a Gerlica or Maslenka incident; a few kilograms of explosives would be sufficient to cause the effect, or a couple of soldiers coming close to this base. Are the Russian landing force divisions less mobile and trained than they were when they liquidated the Prague Spring? Back then all of the Western general commands changed their strategic doctrines in a moment. But how should we change and think? How can we determine what large diplomatic consequences and military-industrial complex interests have become intertwined here?

We, Latvians, hold the U.S.A. in high esteem, more specifically President Hoover's assistance during the famine in Latvia in the 1920's. We are thankful for the non-recognition of our occupation and protection of our gold deposits, and the support of the Latvian independence movement for all these fifty years. But we also remember that U.S. President Wilson advised British Prime Minister Lloyd-George to recall the British fleet from the gates of Riga in 1919-1920, when the Red [Bolshevik] Riflemen stood at the city's gates.

We also know that in Teheran and Yalta U.S. President Roosevelt directly sanctioned Stalin's getting the Baltic states and not just the Baltic states.

Today we do not know what interests and discussions are transpiring between diplomats and militarists representing the world's two great powers—the U.S. and Russia. But we have the right to know and not to understand why a couple of small countries on the Baltic sea are regularly transformed into small change in great power transactions. It seems that the influence of the military-industrial complex is all-powerful U.S. President Eisenhower correctly predicted the development of events into the next millenia.

Financial Problems, Measures To Improve Latvian Science Discussed

944K0404A Riga *NEATKARIGA CINA* in Latvian
26 Nov 93 p 5

[Article by Elmars Grens: "Science and Finance"]

[Text] Professor Elmars Grens is a member of the Academy of Sciences of Latvia, the Academy of Sciences of Russia and the Academy of Europe.

Again, for the umpteenth time, the age-old argument arises: What kind of science does Latvia need—studies of fundamental, basic scientific value or applied science, mainly oriented toward Latvia's economy? To a certain degree the Sciences Council of Latvia can be criticized, along with the Academy of Sciences of Latvia and the government, for in this nature of strategy issue until now there has been very little clarity, although it is hard to imagine how to achieve it with the only help of decrees and declarations alone. So the question remains: basic or applied science, often forgetting even the non-alternative option—basic and applied science.

My many years of activity heretofore in both basic science (organic and bio-organic chemistry, molecular biology and biomedicine) and in applied science (practical genetic engineering and biotechnology), appear to give me the right to contemplate these questions professionally.

I will begin with a few good, completely unexpected assertions, that in Latvia until now heavier support has been given to applied nature studies, which are connected to some material, product, process, or technology development, not for general theoretical or basic research. You can be persuaded of the foregoing by familiarizing yourself with projects supported by the Sciences Council of Latvia, as well as with the applied research financed by the Higher Education and Science Department of the RL [Republic of Latvia] Ministry of Education, Culture and Science with the cooperation of various ministries. Unfortunately, not all of these applied research projects adhere to strict scientific criteria; there may not have been sufficient basis for supporting them, and the same could be said for part of basic research projects. It is of course a question of the quality of professional expertise. It is not a mistake in science policy, as some see it. I cannot in any way concur with the often expressed view that in Latvia basic science flourishes from the fruits of applied science, and that the

sharing of simple resources will benefit applied science and will create a normal scientific research balance in Latvia, corresponding to the country's contemporary potential and needs. In short, a *strategy of cover-ups* being propagated.

Putting aside the demagogic side to this invitation and behind its hidden personal interests the idea appears correct, chiefly because it is completely easy to understand and realize. In situations when the funding blanket's measurements have already become shamefully small, its inclination to cover up grows greater by the day, and especially with an idea easy for the people to understand: Science for Latvia!

So let's look over contemporary realities and weigh our possibilities. I will begin with figures. Of the LVL [Latvian lats] 441.5 million in expenditures in the Latvian state budget for 1993, LVL2.9 million, or 0.66% of the total, is devoted to science. Funding for science from manufacturing and other private sector concerns is not really known, but in a situation of general economic crisis, when everyone must think chiefly of survival and less about development, only paltry amounts are allotted for research. Three to four years ago about 40% or more of scientific institutions' financing came from these off-budget resources. In percentage terms that was close to the levels of developed countries. Therefore I will not be very mistaken to assume that close to 90% of science's total financing comes from the depleted state budget. Taking into account the published gross domestic product of Latvia—LVL587.6 million in the first half of 1993, it turns out that funding of science in 1993 will total little more than 0.3% of this year's gross domestic product. I will remind you that most of the developed countries of the world spend 1.5-2.8% of their gross domestic product on science. Here I must add that the state budgets there do not constitute the main portion of science funding. For example, in Denmark science gets only 45% of its funding from the state budget; the rest comes from manufacturers and other private sector sources.

So, our LVL2.9 million in science money in 1993. How is it used? Of this sum, LVL2.162 million is divided among 817 scientific themes or projects. Unfortunately, complete analyses of the uses of the appropriated funds by scientific branches and the multitude of scientific institutes are unavailable. Therefore, not pretending any precision, I will attempt to collect not entirely complete data on a few branches, which are found in the materials submitted to the Sciences Council of Latvia by their respective institutes. I freely selected branches closest to me, such as chemistry and biology, and am comfortable in assuming that the scenario is similar in other branches of experimental science, which make up the majority of all Latvian science in aggregate. Of the budgetary resources appropriated for scientific institutes 40-50% are used for so-called infrastructure maintenance: for the very high costs of heating, electricity, water, technical services and minimal emergency renovations. About 35-40% goes to scientific worker salaries, the mean level

of which, according to official data, had already fallen to levels equal to those of the lowest-level state employed professionals: LVL34.78 per month. The remainder, about 15%, more or less trickles down to actual scientific work. Relating that to chemical and biological research institutes, it comes down to about LVL100 annually per scientific worker, and about LVL8 monthly. When I noted these figures to a few of my foreign colleagues it had a shock effect. Their first question was, "Do you work at all?" Then I explained about stored reserves, savings, albeit small, but assistance from foreign sources, enthusiasm, ingenuity, etc.

Let's not analyze this issue in greater depth now and let's not decide whether there is really any financing at all for science, or only a certain kind of unemployment payment in half-heated buildings. I offer these figures only as an argument for further discussion.

In the world the ratio 1:10:100 is popular, to characterize the amount of funding for scientific research (including basic)—development of technology—the process of implementation in production (or implantation, by the old terminology). From that, it appears, the real costs of production processes or products capable of competing in the world market become clear. At the same time we can sense the reality of this path in the circumstances of contemporary Latvia, when producers are not close to being capable of covering the research costs of development stage work, and hope in vain that such a burdensome ability will be maintained by the science budget of Latvia, even if 100% of it were directed at such goals.

At this point my opponents will protest angrily; does that not mean that there is no funding for applied research in Latvia and therefore there does not need to be any? Of course it must be done. We must always bear in mind what sorts of studies are being done and what they mean for Latvia's economy. There is no doubt that there is a whole row of so-called nationally significant research (I am not referring here to the humanities and social sciences), branches such as biology, medicine, geology, economics, forestry, etc. must be supported as necessary work, which often can be performed only here. Similarly optimizing and rationalizing the help of scientists in the already existing production process must be congratulated and supported, although part of such activity can only be connected with scientific work and must not always be financed from the state budget. Scientific initiative must come from commercially significant activity, developing and enticing smaller types of entrepreneurial undertakings, although the state must continue to encourage it partly (the Higher Education and Science Department is also actively stimulating it right now). We must openly acknowledge that this type of research activity actually is the same kind of survival strategy which has taken over practically all of Latvia's science, whatever formal category it is placed in: basic, applied, or some other. The practical contribution of this kind of science to Latvia's economy can only be commensurate with the resources invested and no more. And only rarely will we succeed in getting serious foreign

firms interested in our products or processes, which really is the surest indicator of scientific quality and proof of reaching a world-class level.

Not by orienting ourselves to domestic articles and products Latvia will become an economically developed country, and not by such roads will we come to Europe, where some think we already are. In the final analysis Latvia's future will depend on whether we will be able to create modern industry and agriculture, competitive in the world market, with our specialization and international division of labor, or whether we will prolong the so-called transition period with the straightest path to *banana republic* status.

I see Latvia's future as that of a land of modern manufacturing and finance capital, understanding such manufacturing to be highly productive and specialized agriculture, as in Denmark or Holland. I hope my opponents forgive me, but we will feel a real need for scientific participation in developing our industrial potential when such familiar firms as *Sony* or *Philips* and our *VEF* find mutual interests and begin to work together, or *Alfa* finds a common language with *IBM* or *Siemens*, and our domestic pharmaceutical firm *Grindex*—with such world famous firms such as *Hoffman*, *LaRoche*, *Ciba-Geigy*, etc. Japan has already gone down this industrial modernization road and South Korea and Taiwan are going along it successfully today. Joint ventures, the enterprises of large foreign firms, licenses purchased along with "know-how," those are the fastest roads to economic modernization with obvious positive examples. There are also roads leading in opposing directions with equally obvious negative examples. Just as soon as we become economically independent of our large Eastern neighbor, someone gets the idea of establishing associative connections with a common economic and monetary zone, followed by an increasingly tighter embrace, until finally we end up where we were: once again in the zone.

In choosing a path for the modernization of Latvia's economy with a large inflow of international capital, we must realize that this road will not be easy or strewn with roses, if we do not wish to create a real *El Dorado* for international capital with the attendant inescapable sacrifices in terms of state sovereignty and national identity. Here, too, we do not have to look far for examples, although in those same East Asian countries where alongside modern industry also develops modern national science, often in empty spaces, without tradition. With such policies the entrance of foreign firms becomes tied to the state economy's wagon, not the other way around. To implement such a policy large foreign firms do not turn into foreign bodies, but are a kind of island of prosperity, like China, for example, but maximally integrated into the state's economic system.

For Latvian science to be able to speak as an equal with equal contacts with foreign visitors and to get invited to

participate in the modernization process, it must generally support, if it can be said thus, international standards. Only with such rules will there be able to take place the desired integration and mutual enrichment with prospects nearing for the long-awaited prosperity and attainment of the ideals of scientific activity. In the opposite case, visitors will settle in only according to their own ideas, and, remaining strangers in Latvia, they will implement their own policies, using only our relatively cheap labor force and other advantages.

In reality we at times seem to believe ourselves to be surprisingly rich, considering how easily we deal with our national wealth, including the most valuable of it—intellectual potential. For decades the power created and accumulated, which right now appears unnecessary, can be easily lost because of this assertion, which destroys the prestige of science, not to mention the destructive action of low remuneration for scientists.

Let us consider what the consequences might be for not supporting the law of *hypertrophy* of solid state physics research, simply because *VEF*, *Alfa* and other companies today still have not wedded with their powerful foreign partners and right now do not seem to feel the need for the helping hands of physicists. Or again, if we take the until recently strong and multifaceted Latvian chemical companies, now already in picked over rows. Not being needed in the republic's current pharmaceutical industry, they could be overhauled, even if, for example, it is for chemical reprocessing of domestic oil, that is, directing it toward the rails of national applied science. That could continue on and on.

For decades the favorable circumstances created in science schools and the really positive selection of research personnel choices must be viewed as our national wealth, which we may not sacrifice to the real and apparent needs of today. It may turn out that, in two to three years the situation changes and we will be sorry that we lost scientists in physics and chemistry, whose names were familiar beyond Latvia's borders, also in foreign firms, but now have already disappeared from the Latvian science stage owing to various pressures. And then domestic problems will not be solved by hard, *applied science*, by imitating fundamentalists, for their names simply will not be familiar and professional preparation is not enough to develop world-class science and technology in Latvia. And once again we will have to start from the beginning, as after World War II, but because of our own unthinking action and not because of the influence of foreign power.

The vain argument over the priority of fundamental or applied science is not resolvable in one way: fundamental and applied science. Both are equally needed, in our damaged and pillaged Latvia, as well as in prosperous Denmark or Norway.

The world has not found better indicators of science quality than scientific articles in highly regarded, strictly

refered publications, as well as internationally recognized invention patents. One could say that it is documented proof of international scientific recognition. Otherwise we could not escape from self-promotion of our research and organizing various kinds of letters of support. The scientist or team of researchers which has this completely objective proof of quality and supporting materials as a technical base for research completion, is one of Latvia's national riches and our country's duty is to encourage their talents and scientific potential to be put to use for the benefit of Latvia. For only such a scientist, carrying out any kind of research—basic or applied—will be able to carry it out with quality corresponding to world-standard requirements. This axiom for some reason is well understood and used in foreign countries, but we, living in a country of high culture, are again and again forced to prove that to someone. That is why to the question what kind of science does Latvia need—basic or applied—undoubtedly the answer must be: only high quality science, and let's try to free it from low-level scientific imitators, as well as sealing it off from other work activities Latvia needs, but unrelated to science. Otherwise we will quickly become lost in the terminological and prioritization muddle and, messing around in its midst, we will throw out or forget something very valuable to us.

AIDS Activists Accused of Swindling Funds
944K0410A Riga LATVIJAS JAUNATNE in Latvian
13 Nov 93 p 11

[Article by Dina Vjatere: "AIDS: Is There a Smell of Big Money?"]

[Text] AIDS, which is a horrible reality for some, has turned out for others to be a way to get money and travel the world.

It is not necessary to be especially clever, but you do have to be inhumanly cold-blooded to realize that: AIDS—it smells like big money. The world is not economizing on resources to stop this tragedy. All that is needed is to arm yourself with high goals and some slogans that sound pleasant enough, and you can try to funnel off a little of this stream of money into your own pocket. Such unsavory actions are attempted every once in a while throughout the world. Has it happened here in Latvia?

It is true that the more centers, foundations, associations, and a variety of social organizations that a state has, which are all working to protect people against the AIDS virus, the more the population stands to gain from this. Actions in this manner really do produce results.

Until the end of last year, Latvia only had two structures created for the fight against AIDS—the Latvian National AIDS Center and the Latvian National Association "Life Without AIDS". Therefore, the idea by two young men, Valdis Gerkis and Edvins Saiters, to establish an AIDS foundation seemed praiseworthy, and they also did so on December 15. Legally, they set themselves up as a

limited liability company (SIA) because there was still no available legislation regarding the establishment of social foundations. The AIDS foundation was housed in the P. Strazdins State Clinical Hospital immunology laboratory. V. Gerkis assumed the position of director, E. Saiters became the deputy director, and the third person on the board was the head of the Strazdins Hospital immunology laboratory, Ingrida Ritina. This fall, when asked about the activities of the foundation, she bitterly proclaimed: "That was not any sort of AIDS foundation. It turned out to be a foundation for Valdis Gerkis!"

The foundation board! Ritina was responsible for medical questions (the only thing known about the professions of V. Gerkis and E. Saiters, according to their own reports, is that they had a few years of experience in administration), and in her responsibilities, it was anticipated that she would also distribute the resources received by the foundation to the various medical facilities for the prevention of AIDS. "Only, I never did get to see a kopek of the money" said the doctor. But, in the beginning she hoped that the AIDS foundation would help with the survival of the immunology laboratory, which provided people with free screening in its anonymous AIDS screening office.

In the afternoons and evenings, the laboratory's office and telephone were turned over for use by V. Gerkis and E. Saiters, and they were working very energetically, telephoning various companies and even making calls abroad. Both young men were also very ambitious in visiting Latvia's companies, institutions and the mass media, announcing that a terrible AIDS boom is expected in Latvia and nothing significant is being done to stop it, but that they, that is, the AIDS foundation, are determined not to let this happen. The proposed goals of the program were quite extensive: to provide all medical institutions in Latvia with disposable syringes and to open an AIDS diagnostic laboratory in the outlying districts. In addition, the AIDS foundation said it would provide material support for people infected with the HIV virus.

V. Gerkis and E. Saiters were convinced that it was essential to become acquainted and initiate cooperation with similar organizations abroad, in order for a successful program in AIDS prevention to be carried out. They considered it unnecessary to cooperate, or even merely becoming acquainted with organizations in their own country. The repeated invitations by Professor Arturs Socnevs, who heads the association "Life Without AIDS", remained ignored. At the beginning of April, the World Health Organization organized an international AIDS conference, which took place in Riga, and in which the experience by European countries in the fight against AIDS was evaluated. Latvia's AIDS foundation director, V. Gerkis, was also invited to the conference, which was being attended by European state health and finance ministers. He did not feel the need to attend.

Both leaders of the AIDS foundation felt that it would be more valuable for them to make a fact-finding trip abroad. I. Ritina: "They could have made several visits to various countries, although I have definite knowledge about only one trip. However, I was not informed of which country, exactly, they were visiting. I also do not know how much money was deposited into the AIDS foundation bank account. Likewise, I don't know which companies, organizations or private individuals made contributions. Gerkis did not provide me with this information, nor with any other sort of report about his activities. Every so often, however, the AIDS foundation bank account number was advertised on radio and in the newspapers". Finally, on June 1, when I. Ritina felt that this whole matter seemed a little too suspicious, she decided to break off her associations with the AIDS foundation. At the board meeting, the meeting minutes were signed stating that the joint activities between the AIDS foundation and the P. Strazdins State Clinical Hospital immunology laboratory were dissolved. "They calmly gathered up their possessions and left. Where to—I don't know," said I. Ritina.

In slightly less than one year since the founding of the AIDS foundation, nothing that was promised has been done. "No infected or ill person in Latvia has received any of the promised assistance", according to the statement by AIDS patient J., speaking on behalf of himself and those in his situation. Likewise, the Chief Physician of the State Clinical Infectious Diseases Hospital, Ludmila Viksne, is unaware of any instance in which an AIDS patient has been helped. And I. Ritina, who had given the AIDS foundation telephone number to infected and ill persons searching for assistance, confessed that no one has received anything. Unfortunately, it is impossible to find out what the present activities of the AIDS foundation are, or what direction it is heading, since V. Gerkis and E. Saiters have not been encountered anywhere for quite some time now.

On September 11 of this year, the head of the National AIDS Center received this letter from the Latvian Foreign Affairs Ministry. We cite it in its entirety.

"With this, we are forwarding you information that was received from Mr. Nils Dalmanis, the Latvian Honorary Consul in Brussels, in connection with the fact that members of your center, Valdis Gerkis and Edvins Saiters, being presently in Belgium by invitation of the Belgian Health Protection Ministry, have borrowed 25,000 Belgian francs from the Latvian Honorary Consul, but as of the present, have not redeposited the money to the bank account, which appears in the attachment.

We are asking for your help in determining whether the said citizens are your members, and also to inform them personally."

Copies of the documents verifying the loan were attached.

Naturally, the Latvian National AIDS Center leader, Andris Ferdats, denied that the mentioned citizens worked at the center, or that they would have traveled to Belgium as representatives of the center.

As we were informed by the Latvian Foreign Affairs Ministry Consular Department Specialist, Inita Sproge, that after one month, even the ministry has been unsuccessful in locating V. Gerkis and E. Saiters. But the loaned money has not been returned to the Latvian Honorary Consul in Brussels, Mr. Dalmanis. At the present, Mr. Dalmanis has not taken advantage of his rights as a victim and has not initiated a lawsuit against V. Gerkis and E. Saiters.

Naturally, it is doubtful whether any more money will flow into the account of these two operators. But Latvia has a great need for social organizations, which are able to take a stand against AIDS on an international level. Will the activities of such an organization, which, for the most part, depends on contributions by sponsors, still be understood and sufficiently supported in Latvia? And how will foreign countries view Latvia's attempts at protecting its people from this horrible disease, in the aftermath of the type of visits made by these operators?

LITHUANIA

Transportation Agreement Signed with China

944K0434A Kaunas LITAS in Lithuanian 3 Dec 93 p 4

[Interview with Lithuanian transportation minister Jonas Birziskis and Algirdas Kliore, general director of the state enterprise "Lithuanian Railways", by LITAS correspondent Antanas Stasiukaitis, place and date not given: "Vilnius-Beijing by Rail? Why Not?"]

[Text] In addition to manufacturers and businessmen, the Lithuanian delegation accompanying President Brazauskas on his recent visit to China also included transportation officials. These delegation members had their own program and signed some agreements with Chinese railroad officials.

[Stasiukaitis] What kind of agreements were signed, and in what are the transportation officials of both countries interested?

[Birziskis] We signed a cooperation agreement with the Chinese rail transport ministry. This is the first such agreement between our two countries in the field of transportation.

A framework was worked out on how to account for each other's rail cars and on how the railroad which goes in our direction through Kazakhstan would be used. We had previously discussed the latter idea with Kazakhstani transportation officials. It could be said, however, that the greatest common area of interest was linking the port of Klaipeda and China by rail. What I'm referring to here is the flow of freight. Although the Chinese had planned to have their goods go to western

Europe by land, they had not taken into account that problems associated with the rearrangement of rail cars and customs would again arise at the Polish border. So perhaps it would be better to ship the goods by sea from Klaipeda to their final destination?

China could make use of the port of Klaipeda and its possibilities, and we would be granted the most favorable conditions in using the new railroad going through Kazakhstan, which is also interested in this possibility. We are already transporting fertilizer to China, but this cargo is going indirectly, via Chita, i.e. via the main Transsiberian line and, simply stated, this is further and more expensive. So these are our interests.

[Stasiukaitis] In addition to Beijing, general director Kliore and a group of experts also visited other Chinese cities on this trip. Mr. Kliore, would you please describe the relationship between Lithuanian and Chinese rail officials?

[Kliore] This is not our first contact with the Chinese, with whom we have been talking for some time about the need for cooperation. A delegation from their Rail Transportation Ministry visited us this past spring, and now, as you are aware, a concrete agreement has been signed. By the way, we also associate with our Chinese colleagues at the International Rail Organization, which is headquartered in Warsaw.

Some people wonder what kind of cooperation there can be between Lithuania and a very distant China when there is no direct link between our two countries. However, there are common interests, and they are significant. As the minister already noted, we transport fertilizer to China by rail. In the second and third quarters of this year we shipped about 10,000 tons. Transloading the freight at the Russian-Chinese border is a big problem. The track gauges used by these countries differ, and the Russian border station in Zabaykal'sk is overloaded.

Let's consider another rail branch line going from China in the direction of Europe, which would use the shorter route through Kazakhstan, i.e. via the border station of Druzhba on Kazakhstani territory. Such a rail line already exists, but for the time being it is a single-track line, and it lacks essential transloading systems. What this means is that the line has to be reconstructed and expanded. China is very interested in this possibility.

And not only China. We were recently in Budapest, at a meeting of rail officials from the formerly socialist countries of Central Europe and Asia. There were some very concrete discussions that a transportation corridor between Europe and Asia should be established through Russia, and another corridor should go through Kazakhstan. Lithuania, too, is directly affected by such Europe to Asia rail service. Presently, for example, Japanese autos are transported to Europe via the round-about sea route. Keeping in mind the potential savings in time, perhaps transport by rail would be handier. Since our Lithuanian port of Klaipeda does not freeze over, it would be convenient to transfer cargo from ship to rail,

and vice versa. In addition, Klaipeda has ocean-going ferry connections and is a petroleum export point.

What are we trying to achieve in our talks with the Chinese? We want them to grant us a maximally favorable status for the transport of freight, and we want transport between the two countries to function as smoothly as possible.

On this trip we became better acquainted with China's rail system and visited several stations. We liked the new railroad station in Tianjin, their third most populous city, and especially the newest versatile mode system for providing information to passengers, i.e. both visually and aurally. I have been in many European countries but nowhere have I seen an information system that was arranged so perfectly from a technological standpoint, and also, I believe, from a technical standpoint.

We are intending to call for competitive bids to design and install a passenger information system for the entire Lithuanian railway system. Western European countries might participate, and we will also propose that the Chinese take part. I believe, namely, that we could acquire technical installations more cheaply in China, in view of that country's inexpensive cost of labor and correspondingly cheaper production. Similar systems designed in the West are extraordinarily expensive. Of course we won't purchase a poor product in China either, we will call for the advice of good consultants and will ascertain the merits of each proposal. However, we are obliged to seek a certain happy medium: to assess the technical sophistication of equipment while remembering our modest financial options.

I would also like to mention Kazakhstani rail officials, with whom we maintain good relations. Three independent railroads operate in this large country. We spoke with their heads both at the aforementioned meeting in Budapest as well as in the Kazakhstani capital of Almaty, where we had stopped enroute to China.

Among other things, our Kazakhstani colleagues are interested in possible commercial ties between our countries, which we have not had heretofore. Cooperation is possible on two fronts. First of all, to act as intermediary between manufacturing enterprises or businessmen when transporting their goods. We could, by mutual agreement, offer certain more favorable conditions for the transport of goods and profit from this.

Secondly, we ourselves could engage in commerce. For example, Kazakhstani railroaders are offering to provide babbitt, a very necessary material for trains, which is used to pack axle boxes on rail cars. Kazakhstan mines some of this material and can sell babbitt to us. In exchange, they would like to get some goods from us which they need. So it wouldn't hurt anything if railroaders also got involved in trade.

Lithuanians Arrested for Arms Smuggling
944K0434B Vilnius *LIETUVOS AIDAS* in Lithuanian
17 Nov 93 p 3

[Article by Darius Grinbergas: "Lithuanians Wanted to Provide Arms to Europe"]

[Text] According to foreign news services, three Lithuanians driving a bus containing 1,200 hidden weapons and 15,000 rounds of ammunition have been arrested in Germany. This load of freight might have reached its planned destination had the bus not struck a 27-year-old German getting out of his car in Saarbruecken. The seriously injured victim was hospitalized. For the time being, the Lithuanian Interpol office does not know anything more about this incident either. An inquiry on the matter has been forwarded to Germany, but a response is still pending. Lithuanians had not previously been arrested in Europe for arms smuggling or obtaining arms illegally, although this had happened in the United States.

Leonhard Bierl, a German customs official in Cologne, complained on a local radio program that more weapons had been confiscated this year than ever before. To his knowledge, there were about 400 instances in which court action was being pursued. L. Bierl maintains that for the most part, weapons are being transported from Poland, the Czech Republic, Slovakia, and the CIS. The smugglers are using regular trucks to transport the weapons. Large quantities of ammunition are cleverly hidden or documents are forged.

Social Democrats on Local Government Reform
944K0434C Vilnius *LIETUVOS AIDAS* in Lithuanian
17 Nov 93 p 6

[Article by LA: "The Social Democrats Propose Reverting to the 1931 Law on Local Government and Do Not Assume Responsibility for the President's Foreign Policy"]

[Text] The Tuesday news conference has traditionally been set aside for the social democrats. Social democrat Seimas members R. Dagys and A. Brazas took part this time, and addressed the issue of local government reform. With a year to go until local government elections, the Seimas has still not reached agreement on a model for local government or a new local administrative structure. Brazas much prefers the local government law of 1931 (implemented under President Smetona) to current proposals. The social democrats fear that the representatives assigned by the national government will resemble the "commisars" of the communist party. According to the law, the representatives are not supposed to be affiliated with a party and are supposed to have completed law school. And the districts are supposed to implement not only the policies of the national government, but are also to function as bodies of local government. The journalists present noted that the Constitution provides for only one level of local government,

that of the parish. This does not present a problem for the social democrats: if agreement were reached to do so, the Constitutional statute could be changed. The social democrats support the proportional representation system for local government elections.

R. Dagys also responded to a difficult question for social democrats: do they accept responsibility for the president's foreign policy? After all, Brazauskas foreign policy advisor Paleckis is a social democrat. Dagys said no, the party does not accept responsibility. Paleckis became the president's advisor on the basis of a personal decision, not on the basis of a decision by the party. There is another question as well: what influence do advisors have on the president?

A. Brazas responded to a question of why he wasn't running in the elections for the Seimas in the Kaisiadorys district. "I am rather tired and it just doesn't make sense to devote four months of the year to elections. We have already said what the social democrats want, and I am not inclined to lie and promise true communism." Brazas believes that even now, no one will win in Kaisiadorys.

UN Report Calls for Renovation of Lithuania's Industries

944K0433A Tallinn *THE BALTIC INDEPENDENT* in English 26 Nov-2 Dec 93 p B3

[Article by Arunas Brazauskas: "UN Agency Calls on Lithuania To Streamline"]

[Text] Lithuania must reduce its consumption of energy and raw materials if it is to compete against other developing countries for Western investment, according to a report from a United Nations organisation.

The report by the UN Industrial Development Organisation (UNIDO) calls for technological renovation of the country's industries.

The report argues the changes are necessary in order to break out of the moribund, inefficient system that is a legacy of communist rule. During the Soviet era, Lithuania was given the role of producing many advanced technological products, particularly those for military use. Raw materials were shipped from the rest of the former Soviet Union, and sales were guaranteed. Most enterprises were built on a scale much too large for the Lithuanian domestic economy.

Unlike the other republics of the former USSR, the emphasis on heavy industry in Lithuania was less pronounced, and Lithuania was able to develop light industries. But the lack of incentives for cost efficiency and autonomy of decision-making resulted in an inefficient and polluted industrial system. Lithuania remains dependent on other countries for oil and raw materials.

UNIDO's report examined various sectors of the Lithuanian economy. The study presents an overall view of

Lithuania's economy, focusing on the short-term outlook and macro-economic trends.

Among its findings:

Food processing: Only through a significant restructuring of the food industry will it be feasible to explore possible new market niches and to penetrate the traditional markets.

An increased number of private farms may end declining agricultural output and livestock production. An increase in the number of grain producers is likely to increase the supply of animal feed and revive meat and milk production.

Lithuania is counting on international agreements on fishing quotas in the economic zones of foreign countries. The development of pond fishing, eel and trout farms and the use of natural water pools for fishing are also envisaged.

Textile industry: The textile, clothing and leather industries seem to thrive even in a sombre industrial climate. With significant restructuring, it may emerge as a promising source of exports competing against East Asian products.

Pulp and paper: Despite difficulties in the procurement of waste paper, there seems to be a strong tendency to increase the country's waste paper recycling capacity. While Lithuania is a net exporter of paper and board, substantial quantities of consumer grade paper products are imported. In order to ensure an adequate supply of pulp, Lithuania may consider establishing a new chemical pulp mill.

Building materials: Lithuania has the biggest cement plant in the Baltic region. This energy-intensive factory emits a considerable amount of air pollution, estimated at 62,000 tonnes per year. Other segments of the building materials industry are also known for their inefficiency and ecologically unsound production processes. The EC has planned a series of actions for the dissemination of information and the transfer of technology to promote a more rational use of energy.

Chemical industries: The country's chemical industries remain dependent on imported raw materials from the CIS countries. Most of its output, with the exception of mineral fertilisers, is exported to these markets, as well. The production of chemical products is being hampered by the need to pay world market prices for energy supplies.

Machinery and metal works: Lithuania will need to capitalise on its tradition, experience and skill in the production of agricultural machinery and change production techniques to accommodate the shift from large to small farming.

Electronics: With a significant infusion of modern technology, along with upgraded labour skills, Lithuanian

companies could reap an increased demand for their products from Central and Eastern European markets.

Lower Inflation Rate Reported

944K0433B Tallinn *THE BALTIC INDEPENDENT* in English 26 Nov-2 Dec 93 p B3

[Text] The inflation rate in Lithuania in 1993 was considerably lower than in the previous year. From January to September 1992, inflation totalled 544 per cent, while this year, for the same period, it was only 137 per cent. The month-by-month rates of inflation also fluctuated less in 1993.

At the same time, the government succeeded in raising wages for teachers by 100.4 per cent and for doctors by 99.8 per cent. The average wages for state subsidised organisations increased by 2.325 per cent from 68 litas in December 1992 to 159 litas this September.

In June this year, there was a breakthrough in the downward trend of real wages, which are now on the rise.

Nevertheless, the real wages in September of this year comprised only 98.3 per cent of the wages in December of last year while the consumer prices for the same period went up by 2.372 per cent. The gap between the level of real wages this year and the previous year is slowly narrowing, but it still fluctuates around minus 50 per cent.

Inflation (%)

	1992	1993
June	12.3	6.2
July	27.2	2.9
August	14.2	0.9
September	29.4	4.2

Real Wages

	1992	1993
Jan-Sept	-44.5	-1.7
June	+2.3	+5.2
July	-16.7	+3.4
August	-7.4	+1.3
September	-7.6	+1.5

Gap Between Real Wages in 1992 and 1993 (%)

May	-65
June	-63
July	-55
August	-50
September	-43

Lithuania Lists 19th AIDS Victim

944K0433C Tallinn THE BALTIC INDEPENDENT
in English 26 Nov-2 Dec 93 p 5

[Text] Lithuanian doctors recently registered the 19th carrier of the AIDS virus in the country, according to the AIDS prevention centre in Vilnius, the newspaper *Tiesa* reports.

The latest victim of the disease, often called the plague of the 20th century, is a young businessman. He contracted the virus through sexual intercourse, doctors said.

Two AIDS carriers have died in Lithuania so far.

Kaisiadorys Region By-elections Unsuccessful Again

944K0437A Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 1

[Text] A parliamentary by-election conducted on November 22 in the Kaisiadorys electorate failed because of a low turnout (36.4%). This is the second unsuccessful by-election in the region. During the June election, only around 30% of voters came to polling stations.

Lithuania requires at least a 40% turnout for a valid election, the Chief Election Commission reported.

This time, four candidates competed for the vacant seat in the parliament: Liudvikas Sabutis, nominated by six right-wing parties, unions and movements, including Sajudis; Laima Katelyvskiene, the Lithuanian Democratic Labor Party candidate; Pranciskus Sliuzas, member of the Moderates Movement; and Jonas Gelaius from the Lithuanian Freedom League.

By-election will be held again in May 1994. The elected deputy will take the seat left vacant after Algirdas Brazauskas' election as president in February.

Armed Forces Accident, Death Statistics

944K0437B Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 1

[Text] The situation in Lithuania's military structures "is not good," maintains Algis Vaskelis, senior prosecutor of the Military Organisations Surveillance Department within the Prosecutor General's Office.

According to him, nearly 80 people have died in Lithuanian military structures since their creation in 1991. Some 35 were shot dead, 16 were killed in road accidents, six died from alcohol poisoning and five drowned.

Resolute disciplinary measures promised by the new leadership of the Defense Ministry give hope that the situation will improve, said the prosecutor.

Government Assumes Responsibility for Possible Ignalina Accidents

944K0437C Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 2

[Text] The Lithuanian government agreed to assume full responsibility for the consequences of possible accidents at the Ignalina Nuclear Power Plant.

The move was made in accordance with the 1963 Vienna convention on civil responsibility for nuclear damage.

The step was also requested by foreign companies that sell or donate equipment to Ignalina for the purpose of increasing its safety. Vytautas Bieliauskas, head of a department at the state Energy Agency, said these companies fear that Lithuania or neighboring countries might demand compensations from them if an accident occurs.

The state's responsibility for each nuclear incident is expressed in a sum of money, equivalent to the size of responsibility determined by the convention. Lithuania's responsibility repeatedly amounts to 200 million lits.

Five Economic Programs To Be Financed by World Bank

944K0437D Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 2

[Text] The World Bank announced plans to finance five economic programs in Lithuania, including the project for perfecting the banking system and a program for improving the production and use of thermal energy.

Lithuania's government must begin stabilizing the national currency and balancing the state budget, said Lars Jeurling, head of the World Bank's mission in the Baltic States.

Mr. Jeurling told journalists on November 20 that Lithuania was still at the first stage of its transition to the market economy. The World Bank usually doesn't step in with investments until a country reaches the second stage. The World Bank plans to offer credits to the government. This does not, however, mean that private enterprises cannot make use of them, noted Lars Jeurling.

In addition to energy and banking, the bank also plans to finance programs for reorganizing the country's agricultural system, environmental protection and social welfare.

The World Bank has already granted a 60-million-dollar credit to Lithuania for importing goods, especially fuel. During the next three years, the World Bank will annually extend Lithuania aid worth as much as US \$75 million.

The World Bank's mission in Vilnius was established in 1993.

Industrial Production Decline Continues

944K0437E Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 2

[Text] According to data from the Statistics Department, Lithuania's industrial production in October dropped by 8.6% compared with September.

Apart from oil products, industrial production and sales increased by 1.5%, while September enjoyed an increase of 12.5% compared with August. The sale of oil products in October dropped by a quarter compared with September.

As before, the largest amount of Lithuanian products was sold in the CIS, Latvia, Estonia and Georgia. Lithuanian sales in these countries accounted for 48.3%. Another 40.3% of production was sold in Lithuania. 11.4% went to the West.

Poll Shows Increased Disapproval of Presidency, Government

944K0437F Vilnius LITHUANIAN WEEKLY in English No 47, 26 Nov-2 Dec 93 p 3

[Text]

Lithuanian Barometer: November

According to the latest public opinion poll, conducted by a sociological research group of the Lithuanian Radio and Television Network during November 1-7, 1993, the public opinion on political figures is as follows (%).

	Approving	Disapproving
Egidijus Bickauskas	40.2	7.9
Algirdas Brazauskas	40.2	18.1
Valdas Adamkus	34.6	6.1
Romualdas Ozolas	29.3	12.8
Nikolajus Medvedevas	28.9	10.0
Stasys Lozoraitis	28.8	15.9
Justas Paleckis	25.6	11.5
Kazimieras Antanavicius	25.3	10.2
Arvydas Juozaitis	24.5	14.0
Adolfas Slezevicius	20.9	19.3

Public opinion on political parties and movements (%)

	Approving	Disapproving
Democratic Labor Party	20.5	24.8
Christian Democratic Party	16.7	11.3
Sajudis	16.7	32.3
Teetotalers' Movement	14.7	9.6
Social Democratic Party	13.2	12.4
Homeland Union (Lithuanian Conservatives)	13.0	18.8
Center Union	12.7	9.1
Democratic Party	12.4	9.8
Union of Political Prisoners and Exiles	12.3	16.2
Nationalists' Union	10.4	14.1

Public opinion on the state ruling structures (%)

	Approving	Disapproving
Presidency	21.8	29.5
Government	11.4	39.0
Lithuanian authorities (in general)	9.1	38.6
Seimas	5.2	45.9
City (district) municipalities	3.2	49.9

Lithuanian Barometer: November (Continued)

According to the latest public opinion poll, conducted by a sociological research group of the Lithuanian Radio and Television Network during November 1-7, 1993, the public opinion on political figures is as follows (%).

Public opinion on the current situation in some fields (%)

	Satisfied	Not Satisfied	Difficult To Say
Politics			
September	12.9	51.3	35.8
November	7.1	58.9	34.0
Economy			
September	5.1	76.2	18.7
November	2.3	82.5	15.2
Culture			
September	12.2	48.9	38.9
November	9.9	55.5	34.6

Would you take part in parliamentary elections if they were held tomorrow? (%)

	September	November
Would take part	47.3	41.4
would not take part	16.2	19.9
Difficult to say	36.5	38.7

Economics Minister on Privatization Progress

944K0437G Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 4

[Text] "We must understand well that one needs knowledge and information to manage capital. A good manager can handle capital far better than an ignorant owner. Unfortunately, the strategy of our first reforms was the following: your skills do not matter; what really matters is the fact that you are the owner. This had and still has a very negative impact on our economy," said Minister of Economics, Julius Veselka, to 'Lithuanian Weekly' correspondent Kazimieras Mataciunas at the start of their conversation.

At the beginning of the privatization process a considerable part of property was sold for investment checks. Does this mean that haste is of the evil?

I was against a hasty privatization from the very outset. Now I am sure that I was right. Investment checks, the embodiment of our common property, were distributed free of charge. This was, in my opinion, a major mistake. I often think about the ways how to correct that mistake. There may be a kind of injustice again. Some cunning and resourceful people have brought a valuable property (excluding energy system) at very low prices. If we were to take drastic measures we would have to say: "Gentlemen, we freeze investment checks, set up holding companies and hand over the unprivatized capital for their management." Dividends and a part of reduced taxes would go to a certain fund. Later the fund capital would be used for the payment of compensations for devalued deposits as well as for repurchase of investment checks from individuals. Property would not be obtained for investment checks no longer. Consequently, the term of

the completion of privatization could be prolonged. The process, however, should be handled professionally. The property managed improperly by its owners, should be bought from them. This would enable to completely compensate depositors for their savings.

You are also Chairman of the Central Privatization Committee. What prevents you from implementing your ideas?

There are simply no officials either in the Seimas or in the Government who hold the same views. I find it difficult to prove my truth.

'LW' readers are interested in privatization for hard currency.

At present we have engaged three firms for evaluation of the enterprises earmarked for privatization for hard currency. The necessary information is given by various publications. Contacts are established with the companies interested in this issue. Then negotiations follow. Three enterprises have been already bought for convertible currency, i.e. the Klaipeda tobacco plant, the Kaunas confectionery and the Vilnius Audejas weaving factory.

Are you satisfied with such a start?

I am gratified. This is the only reasonable way for privatization. Lithuania gains investments, modern marketing and management. Progressive ways of co-operation between contemporary businesspeople and workers are also introduced into Lithuania.

Some Western businesspeople consider that the process could be more speedy.

I welcome everybody who can offer the ways of its promotion.

Apart from foreign investments, what else could enrich the state budget?

Overseas offices established by foreign banks in Lithuania would be greatly appreciated. In my opinion, their absence may be explained by the fact that Lithuanian commercial banks are eager to hold a monopoly in this field. Activities of foreign bank offices would help strengthen Lithuania's finances. They would enable us to make a profitable business.

Foreign investments come mostly from the West while our economic policy is orientated towards the East. This is manifested by the recent visits of President Algirdas Brazauskas to Russia and China and by a package of agreements signed with Russia on November 18.

What are in your opinion the future tendencies in the development of Lithuania's economy?

We must further attract investments from the West and maintain simultaneously friendly relations with Russia. The capital invested by economically and politically developed countries would be most beneficial to Lithuania. A 20% share of foreign capital in the total investment would serve as an important factor in ensuring Lithuania's independence. We would like the West to go to the East through Lithuania. On the other hand, we must be on even better terms with Russia. Lithuania's economy can boom only on condition that the country maintains friendly relations with both the East and the West. A unilateral orientation is least profitable to Lithuania.

Lack of Government Minority Policy Viewed

*944K0437H Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 7*

[Article by Almantas Samalavicius: "Facing Minorities"]

[Text] Lithuania can be truly referred to as a multicultural society with an old tradition of co-existence of ethnic minorities that have contributed greatly to the country's cultural and political development. Comparing Lithuania's situation to that of Estonia or Latvia, one can notice that ours is much more favorable and conflicts of nationalities are much less visible. Lithuanian politicians have on various occasions laid stress upon this fact, but it would be incorrect to escape the issue of minority conflict making references only to our history.

History is a peculiar thing. One can pick the facts that are most suitable for one's own interpretation and leave those less favorable unnoticed. However, as far as minority issues are concerned, our history indicates a cultural variety and peaceful co-existence of different

ethnic communities. Perhaps this old tradition can account for the fact that during the period when Lithuania was making its way towards complete independence a lot of associations of ethnic minorities came into being and united against strife as a common goal. During the period I refer to even the Yedmostvo organization, being comprised of mostly Russians, was considered a more pro-Soviet than pro-Russian movement by the majority.

The past few years have indicated a variety of cultural aspirations pursued by minority communities. The Soviet years have made a certain imprint upon the mentality of people inhabiting Lithuania. Some minority groups were involved in Soviet political speculations, as happened with Lithuanian Poles some of whom supported pro-Soviet movements that came into being after Lithuania's declaration of independence. Perhaps one of the reasons for these recent facts is the problem of self-identification. Some minority groups, like Tartars or Karaites, who have been residing in the country since the dawn of history have less problems with identifying themselves with their own traditions. The only problems disturbing older minority communities is the possibility of reviving and modernizing traditions. Much more problematic is the case of Russian or Belorussian minorities who still have to integrate into current society and build their own traditions. This is less a political than cultural problem which is yet to be considered seriously.

It seems to me that we still lack a certain minority policy in Lithuania and it would be completely incorrect to escape the issue barely on the basis that we enjoy a more favorable situation than our neighbors. Even politicians rarely consider the issue in the general European context that demands a serious approach and a just policy. We know pretty well that Europe without borders gives a clear preference to regionalism and multiculturalism and avoids any form of nationalism that might threaten the rights of ethnic minorities. Lithuanian intellectuals with, perhaps, a few exceptions, have avoided the issues concerned with minority problems. Yet, there is no reason to leave out a problem if it is too complicated to dwell upon.

When the state has no strategy and no sufficiently developed cultural policy on minorities, as soon as a more turbulent issue crops up it tries to skip it or neglects it completely until the problem on a larger scale threatens to explode society itself. In the near past we observed the results of an unnecessarily stupid and radical national policy as far as the Polish minority was concerned, when top politicians denied the local Poles to choose their own identity, accusing them of 'voluntary Russification'. Wasn't it a mistake to insist that all Poles residing in this country are merely Polonized Lithuanians, with no identity to be re-established by turning Lithuanian? Is this a civilized way of making dialogue at the end of the 20th century? Disastrous policies pursued in the past by such influential persons as Mr. Cepaitis

who steered Lithuanian internal policy towards complete collapse, gave free hands to some radical nationalists in Poland to make political claims on Lithuania. However, on the other hand, the other extreme is to avoid complicated minority issues that are equally threatening the future of our internal policy.

Rarely do we question ourselves what it means to be the member of a cultural minority. How does a person belonging to a limited ethnic group encounter identity or community? Do we acknowledge the right for minorities to determine their own identities? These are questions that need more thorough consideration. From our previous experience of Soviet years we know pretty well what it means to be a minority under a totalitarian regime; however, we still lack the abilities to form the means of crosscultural communication while entering the boundaries of a contemporary open society. Meanwhile, it often seems that words in our locality have a different meaning than those elsewhere in the world. Few of us have burdened ourselves with the question of what nationalism really means. Lithuanian politicians over the past few years claimed that nationalism can be only associated with Soviet imperialism. But it was soon obvious that we have a lot of advocates for nationalism in some political parties and even within cultural layers. I am inclined to think that the notion of nationalism in Lithuania is of a somewhat different character, than, say, in neighboring states. Culturally and sometimes politically we are still governed by the past. For a couple of centuries Lithuania was striving to maintain its identity, preserve a historical feeling, a vitality of state tradition. National feelings were growing stronger while foreign powers tried to suppress them. These feelings took various forms and were sometimes distorted. When local educators favor English to Russian I am not at all surprised; but when a language is treated merely from its political background it irritates. I believe that in the present world we should abandon prejudices and prefer cultural values to political ones. I do not suggest complete "openness" to other cultural influences, for any society should have its own national values. Yet, a society in which the majority enjoys only itself remains a Narcissus. On the other hand, when state authorities avoid applying measures for minority communities that

violate state laws, as had been with illegal establishment of a Polish university in Vilnius, it makes obvious their weakness and a lack of state cultural policy.

Health Care System To Be Reformed

944K04371 Vilnius LITHUANIAN WEEKLY
in English No 47, 26 Nov-2 Dec 93 p 7

[Text] Lithuania has started to reform its health care system. Topping the priority list is improvement of economic efficiency, health care services, and doctors' abilities, said Health Care Minister Jurgis Bredikis.

Speaking at a press conference on November 11, the minister said that the World Bank and the EC have urged Lithuania to accelerate its health care reform. Both organizations noted Lithuania should not expect any assistance from them if the system of health care is not reformed.

A bureau for health care reforms, set up last summer, is currently drawing up a reform program. Some 120 physicians and scientists from different regions of Lithuania, as well as experts from the United States, Great Britain, Sweden and Denmark are taking part in the work. Canadian, German, Dutch and Belgian physicians are expected to offer their help in the near future.

Mr. Bredikis said Lithuania's economic difficulties do not allow it to fully reform the health care system or to reach a Western level quickly. Therefore, a decision to solve primarily the cheapest and most urgent problems was made. Finance to health care will be decentralized from the beginning of next year. About 75-80% of money will go directly to medical institutions and will not be distributed through the Ministry of Health Care. Supposedly, the system of health insurance will come into effect in 1995.

The Minister noted the reform will cost nothing to the state. Moreover, outlays to health care can be saved. Mr. Bredikis also expressed the hope that the World Bank and the EC will finance part of the reform bureau's activities. The PHARE program has already allocated 220,000 ECU for the purpose.

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DATE FILMED

20 APR 1994